





## HOME NEWS

## Government decides not to touch tax relief on mortgages

By David Leigh  
Political Staff

Strung by press suggestions that the Government is about to commit political suicide by cutting tax relief on mortgages, Downing Street made clear yesterday that the Cabinet has decided to keep all the tax reliefs in its forthcoming housing finance package.

The decision, made last week after a lot of Cabinet argument, will infuriate the members of Labour's national executive who spent an hour and a half in March with Mr. Shore, Secretary of State for the Environment, and three other ministers trying to persuade them that mortgageholders were getting unfairly benefited.

However much ministers are attracted by the left-wingers' logic, they know that cuts in tax relief on mortgages would go down badly with home-owning voters. But the Green Paper, expected next month, is also bound to air the case for increasing council rents. That would not please council-house voters.

The left-wing argument was

that people with large incomes can set them unjustly against large mortgages to get income tax relief. They suggested taking away those reliefs, and cutting the £25,000 limit on mortgages that attract tax relief to something nearer the price of an average house.

It was also argued that home-owners, for all their complaints, had done extremely well out of inflation. While first-time buyers suffered, those with long-standing mortgages paid out only a small part of their incomes.

The mortgage subsidy, of £1,000 a year or £214 a head, is costing the State a third more in real terms after the past five inflationary years, the left-wingers say.

The Government's difficulty, now it has decided that it dare not interfere with voters' income tax offsets, is how to handle the long-standing political warfare between those who maintain that council tenants are being subsidised and those who think they are being unfairly attacked.

## Inquiry into role of statistician in policy

By a Staff Reporter

Sir Claus Moser, Director of the Central Statistical Office, is to review the role and status of statisticians in Whitehall policy-making.

It will be more an informal, personal look than a formal, interdepartmental examination of Whitehall's 500 statisticians, whom Sir Claus leads as Head of the Government Statistical Service. Sir Claus, who succeeded Sir Harry Campbell as head of the profession in 1967, feels the need to take stock after 10 years in the post.

He has appointed as helpers two assistant secretaries from the Central Statistical Office, the coordinating body within the Cabinet Office responsible for statisticians in departments throughout the Whitehall machine. Their report should be completed in less than a year.

The last thoroughgoing review was conducted by the Parliamentary Estimates Committee in 1966. On taking over the GSS the following year Sir Claus made his own appraisal of its future development.

High on the agenda of the inquiry will be the question of how much say statisticians should have in the formulation of policy. Sir Claus has long been a purist in such matters.

He is acutely conscious of the danger of figures being manipulated by governments for their own purposes.

Sir Claus will also consider how best to combine the work of statisticians with economists in the Government Economic Service. In some departments, such as environment and transport, they already work together in mixed divisions. In others, such as health and social security, they operate separately.

Sir Claus, who is 56, is chairman of the board of directors of the Royal Opera House, Covent Garden. He is an engaging and widely respected polymath whose career has spanned Whitehall and the universities.

His name is frequently canvassed for top academic posts. He was seen by some, for example, as a possible director of a "British Brookings", the policy institute, which has failed to take shape for lack of funds. He is also talked of as a likely successor to Sir Norman Chester when he retires as Warden of Nuffield College, Oxford.



Prince says he was misquoted: The Prince of Wales said on *Nationwide*, the BBC television programme, last night that he had been misquoted over a remark that middle-aged people were not contributing enough to his jubilee appeal. He explained: "I was speaking off the cuff. There were a lot of people standing in front of me, so I said: 'What about you in the middle?' " He added that he had received a number of

letters from middle-aged people explaining how hard they were pressed by taxation. The Prince appeared in the programme with young Volunteers from Sevenoaks, Kent, Rubery, near Birmingham, Glasgow, Haverfordwest and Bristol to mark the launching of the *Nationwide* Jubilee Youth Project, which will report on voluntary work being done by young people throughout Britain.

## Union chief predicts acceptable phase 3

By Paul Routledge  
Labour Editor

Mr. John Boyd, the engineering workers' leader and a former chairman of the Labour Party, yesterday suggested that the Conservatives are crowding too soon over the Government's economic failures. He predicts that "acceptable arrangements" will be negotiated between the unions and the Cabinet on the social contract.

In an editorial in the *Amalgamated Union of Engineering Workers' Journal*, Mr. Boyd, the union's general secretary, accuses that "our Government" is paying the short-term price for tackling the nation's long-term problems.

He says the Tories are so "clashed and confused" that their leaders have let it be known that they intend "to run away from their earlier promises on devolution to Scotland and, probably, Wales, believing that they can win the next election, despite this 'saw-sawing'."

But even a week is a long time in politics, he says. The Tories are anxious for an election before the fruits of Labour's administration are realized. "Our long-term policies are now beginning to show results," the Tories fear this, and I believe that we are on the upturn, now quite visibly," Mr. Boyd adds.

Citing the April 1977 payments surplus of £2,000 million, he says there has been a "marked improvement" in the public sector, a 50% increase of £1,200 million over the £800 million in the previous year.

"The inflation rate in September should be perceptibly and, with meaningful price cuts, the nation will begin the wisdom of our men's policies," he says.

Mr. Boyd concedes that the public sector is in a "preliminary" phase of TUC negotiations.

Mr. Boyd's optimism wholly borne out of what has hitherto of the strongest support policy, the Committee of Health Service 5 after two years of a voluntary pay curbs, executive, representative members, is deeply about support for a of the social contract decided to delay a until it meets on the eve of its annual making conference. A moderate hold on forgoes hopes that the Government will with a formula and health service works

## Demand for inquiry into council house sales

By Robert Parker

A call for an independent inquiry into the costs of selling council houses was made yesterday by Mrs. Gladys Dimson, Labour housing spokesman on the Greater London Council.

Figures published by Shelter at the weekend indicate that the selling of council houses in Leeds is costing both rate-payers and the Exchequer large sums.

Mrs. Dimson said that if the Leeds figures were applied to London the recently announced plans of the Conservatives to sell 50,000 council houses would cost about £80m over the next 60 years. The same economics would suggest that sales of houses between 1967 and 1973 cost about £25m.

Since so many local authorities were contemplating the sale of council houses, in the belief that the end of management and maintenance costs would result in overall economies, it was of great importance to establish beyond doubt whether such sales did save money, Mrs. Dimson said.

The Shelter figures were pub-

lished in the latest issue of *Roots*, the organization's housing magazine. The research was done by Mr. Bernard Kilroy, a housing research officer.

Mr. Kilroy's examination of sales in Leeds, which has sold more than 900 houses since June, 1975, and hopes to sell 5,000 in the next three years, led him to the conclusion that the council lost money on sales of pre-war, post-war and modern houses alike. He estimates that £17.5m has been lost on the 900 houses already sold, and that at least £8m would be lost if 5,000 were sold.

He argues that local authorities lose money from rents and value of land, and that central government also loses because tax relief on mortgages is greater than the amount spent on council housing subsidies.

Mr. Kilroy says the policy of selling council houses, although bringing a short-term capital benefit, amounts to "short-sighted asset stripping which could create a multitude of problems far more severe than the ills which sales are supposed to cure."

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## Lab-Nat pact 'Standard' decision likely soon

By Our Political Staff

Many Labour MPs would find it hard to stomach any future parliamentary pact with the Conservatives and the proposed consortium of Sir James Goldsmith's Cavenham Foods and Mr. Roland ("Tiny") Rowland's international Loro group, generally dubbed "Carvo" in Fleet Street.

When Sir James made his eleventh-hour request for the suspension of the sale of the *Evening Standard* by Beaverbrook to Associated Newspapers, publishers of the *Evening News* and *Daily Mail*, he said that four to six weeks would be needed for his proposals to be prepared and for the Beaverbrook board to consider them.

That period expires on June 9, and the unions have been asking that everything possible be done to hasten the decision. The Beaverbrook board is expected to discuss concrete proposals from Sir James this Thursday. On May 19 he outlined plans which involved the underpinning of Beaverbrook Newspapers rather than an out-

right offer, but there have been gaps to fill and details to thrash out since then.

The "Carvo" plans would operate in stages, each depending on the outcome of the preceding stage and on the successful implementation of progressive proposals, including guarantee of borrowings, entrenchment of the non-voting shares, a probable rights issue and restructuring of the Beaverbrook board, with Sir James and Mr. Rowland being appointed to the board and gaining substantial control of the publishing company.

So far there is no indication of the reaction of the Aitken family, who would lose power and would not get as good a price for their holdings as in the proposed Associated Newspapers-Beaverbrook deal. The trustees of the charitable Beaverbrook Foundation, of which the Aitken family but including outside members, have also a part to play in the final decisions.

Despite Associated's unpopularity with the Government because of the Leyland affair,

there is still more than a little disquiet in Westminster over the risk of closure of the *Evening News* if the Beaverbrook-Goldsmith plans go ahead.

Falling round-table talks among all the protagonists before Beaverbrook directors come to terms with "Carvo", there would almost certainly be a further substantial restructuring of the company and Associated to try to save both the London evening newspapers and maximize the use of Beaverbrook's modernized plant and production capacity.

Mr. Rupert Murdoch, chairman of the News International group, which publishes the *Sun* and *News of the World*, denied last night that a lunch he had with Sir James Aitken had anything to do with the current situation. "The News business is beginning to go well, but it is essentially a full-time operation and there is no thought in my mind of the Beaverbrook or Associated titles," Mr. Murdoch said as he left to fly back to New York. *Letters, page 15*

## Pig subsidy may be resumed

By Hugh Clayton

British ministers in contingency plans to the pig subsidy for the European Court of Justice.

Although the Government has agreed to order a court to stop the subsidy, it may continue the subsidy until it is terminated.

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## Gunmen murder man in Belfast office

A man aged 37 was shot dead in an office in Belfast yesterday. A colleague was seriously injured by two gunmen believed to be wearing wigs and false mustaches.

The man who died was Mr. Malachy Gregory, of Finaghy Road North, and the attack happened at the offices of Lagan Construction Company in College Square North. Mr.

Gregory was married, with eight children.

The killers, well dressed and young, tried to force their way into a first-floor office. A man tried to hold the door closed but the gunmen fired several shots through it and he was seriously wounded in the body.

Mr. Gregory was walking down the stairs when the gunmen opened fire on him. He

was an employee of the company, and the police said he was not a member of the security forces.

Mr. and Mrs. Jack Maguire, parents of the three children whose deaths led to the setting up of the peace movement, left Northern Ireland yesterday to live in New Zealand. With them was their surviving child, Mark, aged seven.

"But it is vastly preferable, with all its drawbacks, to any arrangement with the nationalistic parties, which many of us would find hard to stomach if it was ever mooted in the future."

"They contain some strange, even unsavoury, elements and it is difficult sometimes to see much of a dividing line between naked nationalism and racism."

## Teachers urge guidance on sit-ins

In a letter to Mrs. Williams, the Secretary of State for Education and Science, members of the Association of Polytechnic Teachers yesterday expressed concern at the recent increase in students' protests and called for guidance on preventive measures to be given to local authorities and polytechnics.

In the letter, Dr. Anthony Poulton, national secretary of the association, said that sit-ins had passed the stage when they should be countenanced in silence. Physical assault, intimidation and destruction of property were becoming increasingly the pattern of occupation, with polytechnic authorities and the law apparently helpless to prevent such behaviour.

Dr. Poulton said the role of the police was uncertain. It was often said that the police force had Home Office instructions to avoid interfering in sit-ins. "The result is that sit-ins not only appear to take place without interference from the law but actually under its protection." On some occasions, he added, the students had broken into locked buildings in the presence of the police, on others, the police had helped to remove staff from buildings the students wished to occupy.

## George Ince 'shows signs of premature aging'

Dr. Peter Godfrey, the health of Mr. George Ince, has deteriorated to a potentially irreparable degree, according to a further substantial medical report disclosed yesterday. He is serving a 15-year sentence at Wormwood Scrubs, where he was examined for his part in the "Mommies" building robbery.

Dr. Anthony Whitehead, a consultant psychiatrist, said that when Mr. Ince was visited earlier this month he showed signs of premature aging, had a phobic, institutionalized appearance, and was mentally suffering from a tremor in his hands and abnormally dilated pupils.

"In my opinion, this deterioration will continue and possibly accelerate," Dr. Whitehead said. "If he has to complete a further substantial period of imprisonment I think there is a serious danger that his mental health will be irreparably damaged."

He attributed Mr. Ince's condition to drug treatment.

Dr. Whitehead's findings were read to an inquiry by Prop (Preservation of the Rights of Prisoners) into the Hull prison riot. The inquiry, on its last day, became a platform for views on a number of cases of alleged penal injustice. Mr. Ince's appeal for release from his sentence on the ground of conviction under mistaken identity, was recently rejected.

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## Weather forecast and recordings

Visit of President Carter's wife, Mrs. Rosalynn Carter, to Britain from June 12 at the invitation of Prime Minister Callaghan.

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## Four rail deaths after 'error of judgment'

An error of judgment and not gross negligence led to the deaths of four railwaymen killed by a passenger train, Dr. Max Lucas, the Bedfordshire Coroner, said yesterday. Verdicts of accidental death were recorded on the four track men struck by the 1 pm London-bound train at Chimey Corner, near Bedford, on May 12.

Dr. Lucas said that according to the rule-book the chargeman, Mr. Dennis Chamberlain, of York Street, Bedford, was clearly responsible for assembling the men and appointing a look-out.

"This is a tragedy, totally unexpected," he added. "Therefore a verdict of accidental death would be quite proper here. There is no evidence that anyone did anything recklessly."

Earlier, Mr. Chamberlain said he had appointed Tyrone Parker, aged 21, as look-out. Mr. Parker was one of the workmen who died.

## Power strike ends

The strike of maintenance workers at Scottish power stations, which threatened electricity supplies throughout central Scotland, ended last night when 1,200 men at five stations returned to work.

## Rock Follies

The television programme *Rock Follies* will not be shown tomorrow night because of a production dispute at Thames Television.

## Weather forecast and recordings

NOON TODAY Pressure is shown in millibars. WINDS: 1000, 1010, 1020, 1030, 1040, 1050, 1060, 1070, 1080, 1090, 1100, 1110, 1120, 1130, 1140, 1150, 1160, 1170, 1180, 1190, 1200, 1210, 1220, 1230, 1240, 1250, 1260, 1270, 1280, 1290, 1300, 1310, 1320, 1330, 1340, 1350, 1360, 1370, 1380, 1390, 1400, 1410, 1420, 1430, 1440, 1450, 1460, 1470, 1480, 1490, 1500, 1510, 1520, 1530, 1540, 1550, 1560, 1570, 1580, 1590, 1600, 1610, 1620, 1630, 1640, 1650, 1660, 1670, 1680, 1690, 1700, 1710, 1720, 1730, 1740, 1750, 1760, 1770, 1780, 1790, 1800, 1810, 1820, 1830, 1840, 1850, 1860, 1870, 1880, 1890, 1900, 1910, 1920, 1930, 1940, 1950, 1960, 1970, 1980, 1990, 2000, 2010, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2090, 2100, 2110, 2120, 2130, 2140, 2150, 2160, 2170, 2180, 2190, 2200, 2210, 2220, 2230, 2240, 2250, 2260, 2270, 2280, 2290, 2300, 2310, 2320, 2330, 2340, 2350, 2360, 2370, 2380, 2390, 2400, 2410, 2420, 2430, 2440, 2450, 2460, 2470, 2480, 2490, 2500, 2510, 2520, 2530, 2540, 2550, 2560, 2570, 2580, 2590, 2600, 2610, 2620, 2630, 2640, 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Chief pro-  
ble phase

## ME NEWS

## Varley pledges support for strike film processors

Christopher Thomas, Secretary of the Industry, pledged support for the 42-day strike of film processors at a London-based meeting yesterday. "I am everything I can within the trade union and movement," he said. "It is for the basic principle of the trade union and movement."

Delegates at the conference of the Association of Professional, Clerical and Staff (Apeps), which is a centre of a campaign to close down the film processors' strike, said they would support the strike.

Mr. Thomas said: "The company now in summer period, Apeps is giving its action and a big levy on all its assets to help meet the cost of maintaining the strike."

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standing ovation. "This company is run by inflexible, hard-line anti-trade unionists," Mr. Thomas said. "We can and we shall win."

The strike, involving Asians from East Africa who originally started their protest for improved working conditions, has a history of arrests, convictions, High Court action and clashes with the police. An 18-hour work of picketing is being organized from June 13.

Delegates unanimously supported a motion calling for the "blackening" of supplies to Grunwick and for members not to use Trucolor Bonapool or Trucolor film.

Pay restraint plan: Mr. Varley, Secretary of State for Industry, made a strong appeal yesterday for a third round of pay policy. "If we do not get an agreement inflation will become more difficult to control," he said. "The industry work of picketing will be more difficult to preserve and we shall all be worse off."

It was the unanimous view of all in the Government that a new pay agreement was an important component of the overall strategy. "If we do not get an agreement our job will be that much more difficult. It is in the interests of all of us to agree on a new phase three."

His reception at the annual conference of the Association of Professional, Clerical and Staff (Apeps) at Scarborough was cordial. The union has given support in principle for a third year of restraint, but has proposed several conditions, including more money for the National Enterprise Board.

## Mentmore could have lived, says Lord Bath

From Alan Hamilton, Bath

If Mentmore Towers had been opened to the public, its splendour, contents and never have been sold off, Lord Bath, a successful, state home entrepreneur, said yesterday.

But Lord Bath, speaking at the opening of a new shopping park in the grounds of his Tudor mansion, Longleat House, in Wilton, Wiltshire, conceded that the cultural heritage of his ancestral home could survive only because of the circumstances he provided in the grounds. And he admitted his celebrated lions were losing a whisker of their appeal.

Longleat, called in a Suffolk-based background, company which built giant slides, a carousel and a pond for radio-controlled model yachts.

In the past, Lord Bath said, Longleat House had been a viable business proposition on its own, with 135,000 visitors in 1964. After the introduction of the house had risen to 225,000. But attendance figures have fallen in recent years.

"We are still keeping our heads above water," Lord Bath said, "but our entrance charges are already among the highest for any country house, and wages are going up again this year."

But Mentmore could have been alive today, even if they had only opened the house, they need not have had lions and roundabouts in the garden.

## Oil alone will not solve Britain's difficulties

## Treasury chief's farewell warning

By Peter Hennessy

Sir Bryan Hopkin, retiring Chief Economic Adviser to the Treasury and Head of the Government Economic Service, leaves Whitehall today with the warning that North Sea oil alone will not solve Britain's economic difficulties and restore full employment.

West and price restraint will be necessary if future growth on the exchange rate is to be avoided, Sir Bryan believes. Increased industrial efficiency and a drive to make British goods competitive in international markets is the best way to capitalize on the balance of payments improvement provided by the fruits of the North Sea and any upward movement in the world economy.



Sir Bryan Hopkin: "We have messed up capitalism."

Reflecting in an interview with *The Times*, on almost 40 years of government service since he entered the Ministry of Health as an assistant principal in 1938, Sir Bryan, now 62, recalled the trap into which Keynesians like himself had fallen.

As an undergraduate at Cambridge he had heard Keynes lecture from the proofs of his *General Theory of Employment, Interest and Money* before it was published in 1933.

A quietly spoken, rather shy Welshman, without the fire often associated with his race ("I'm not a great one for 'jump'"), he says, Sir Bryan admitted: "Fine tuning for full employment, which I believed in, has contributed to the problem of inflation. It was a natural result of planning for full employment."

The remedy he proposed was

Chief Economic Adviser in the Treasury since he succeeded Sir Kenneth Berrill in October, 1974, was an income policy and tighter control of demand. He fought off successfully the attempts by Professor Lord Kaldor, who until last summer was special adviser to the Chancellor, the Exchequer, to convert the Treasury to protectionism.

Lord Kaldor, Sir Bryan's friends recall, stimulated him to do what he does best, the swift preparation of first-class papers of economic analysis. His capacity for original thinking on technical problems like the impact of the exchange rate on the balance of payments, financial balances and the day-to-day pressures of his post aroused quiet admiration in Treasury chambers.

## £200m petrol complex 'threat to village'

From Our Correspondent, Kirkcaldy

Fife Planning Committee yesterday recommended approval of a £200m petrochemical complex and marine terminal, despite objections that it was "potentially a major hazard", that recreational and tourist activities on the coast would be affected and that a village of 64 houses would have to be demolished.

The proposals are to build a two-plant complex, which will be one of the largest in the world, at Mossburn, with a marine terminal at Braefoot Bay, near Dalgety Bay. The Secretary of State for Scotland has announced that a planning inquiry will open on June 27. So far there are 400 objectors, many complaining of the potential hazard.

The planning committee's recommendations, which will be discussed by Fife Regional Council today, include the removal of Gray Park village

and an assurance that the two oil companies involved, Shell UK and Esso Chemical, which will be processing oil from the Brent field in the North Sea, have adequate fire-fighting facilities.

The building of the plants and terminal would employ up to 3,500 men, and 350 permanent jobs would be created. It is estimated that 650 more would be possible if allied industries were established.

Planning officials told the committee that although the complex and terminal might be a serious hazard their consultants, Cremer and Warner, "consider there is no reason to doubt that the plants and terminal can be designed, built and operated in such a manner to be acceptable in terms of environmental impact and community safety."

Dr E. L. Streetfield, of Cremer and Warner, said: "We are dealing with what is potentially a major hazard situation."

## Confidence on curricula

By Our Education Correspondent

The question of a challenge in the courts on the powers of the Secretary of State for Education and Science to impose a national school curriculum was unlikely to arise, Mr. Fred Jarvis, general secretary of the National Union of Teachers, said yesterday.

He was commenting on the report in *The Times* on Saturday that Mr. Alan Evans, secretary of the union's education committee, had said that any

attempt by the Government to impose "a national framework for the school curriculum" as proposed in the draft Green Paper on education, would be challenged in the courts.

Mr. Jarvis added that Mrs. Williams, the Secretary of State, had said she did not want to see a centrally imposed curriculum. "If the Green Paper were to envisage any departure from what is at present the Government would have to seek to change the law," Mr. Jarvis said.

## Family allowances not feast of prosperity

Illa Hodgkinson, Policy Correspondent

In its poor performance in stretching family income, the Royal Commission on the Distribution of Income and Wealth, Department of Health and Social Security gave credit to the commission showed that over the 30 years the postwar reconstruction of welfare benefits the value of family allowances, taxpayers has risen by few pence, despite the growth in general income.

In 1946, the allowance was £1.50 a week for the

second child, and £1.50 a child thereafter. The equivalent rate in 1946, at 1976 prices, was £1.41.

For taxpayers the combined value of family allowances and child tax allowances has declined over the 30 years. In 1946 they were worth £5.77 to the standard rate taxpayer with two children under 11, reckoned at 1976 prices. In 1976, the value had fallen by about a fifth to £4.56.

The equivalent figures for a family with three children were £9.4 (1946) down to £7.31; and, for four children, £12.38 down to £9.95.

Elsewhere in its evidence the DHSS shows that increases in pensions and in supplementary benefits have greatly exceeded increases in prices.

## Heffer wants action on inflation and prices

Aurice Corina, Editor

Heffer wants action on inflation and prices, said Mr. Eric Heffer, member of the Labour national executive, at a Blackpool yesterday. The same platform, Mrs. Patterson, acting president of the TUC, called on the movement to use its influence for the Government to hasten the "bolder measures" including price freezes.

Heffer said the falling

purchasing power of the working population was one of the reasons why the Labour Party and its "so-called executive" would be pressing the Government to introduce policies to reflate the economy and to restore at least some of the cuts in public expenditure.

Mrs. Patterson said the rank and file of the trade union movement were worried about high unemployment and high prices. A clear message to the Government was to act in combating both.

Prices plan, page 19

## Land article is fined drug charges

freelance journalist as the go-between for the Mail's "slush report" was fined at Bow Magistrates' Court yesterday. His woman also was fined.

Under small cannabis in propagation trays, smoking pipes and an LSD were found after Nicholas and Mrs. Viera Manning were taken to Cannon Row station in relation to the matter, Mr. Evelyn, the magistrate, was

## Two years' jail for former council leader

Gerald Murphy, aged 47, the former leader of Swansea City Council, was sentenced to two years' imprisonment for fraud and conspiracy to defraud.

Mr. Murphy, of Waun Gron, Treboeth, Swansea, a magistrate, was found guilty of accepting gifts, such as flights, meals and entertainment, from Mr. Bryant, chairman of the Swansea group of companies. He was also found guilty of accepting a meal from Douglas Barber, managing director of a heating company. The Swansea company, now in the hands of a receiver, was fined £1,000 on seven corruption charges.

Mr. Murphy was found guilty of four corruption charges.

Mr. Harris, of West Cross Lane, Swansea, was found guilty of accepting gifts and entertainment from Mr. Bryant, of West Drive, Porchester, Mid Glamorgan, was found guilty on seven charges of making gifts to Mr. Murphy and Mr. Harris in return for favours.

Mr. Barber, aged 56, of Lea House Wood, Oxid Surrey, was found guilty of making gifts to Mr. Murphy and Mr. Harris in return for favours.

His company, Smith & Wellwood, installed more than five thousand boilers in Swansea council houses.

He was sentenced to 12 months' imprisonment, suspended for a year, and ordered to pay £1,636 costs.

## Parents lose plea for state school

Parents of a boy, aged 12, who had only three weeks' schooling since July, 1975, because of their "inappropriate" behaviour, have lost the last of their legal fight to get him educated at an independent boarding school at the expense of the state.

Parents, from Luton, Bedfordshire, were refused leave by the House of Lords Appeal Committee yesterday to challenge a Court of Appeal ruling that their son must attend state school.

## Six affect eight

people, including three children, were taken to a hospital yesterday after a chemical attack in a bedroom at a house in Enfield, Essex, said a source. They were now later.



Are you worth as much to your family as you are to your company?

The trouble with making it in business is that as you get more money you don't get more time.

Time to spend with the many different financial specialists who could make your money work for you - and safeguard your family's future.

While you're waiting around in airports or fighting the clock on the M1, you may think about your wife and children but you can't do much for them.

Lloyds Bank can help. Behind every Lloyds bank manager lie the resources and skills of Lloyds Bank Trust Division -

a single, specialist department with branches round the country which could handle all aspects of your personal finance.

We could help you invest some of your hard-earned salary in ways that could reduce your top rate of tax.

Handle your annual tax affairs - and argue your case.

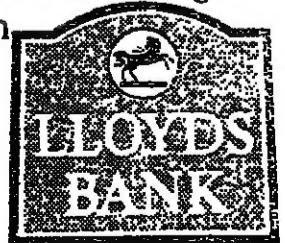
Tell you how you might be affected by Capital Transfer Tax and how to avoid its worst effects.

Ensure that your insurance policies

really meet your needs - and your family's. Act as executors of your estate so that your family is properly looked after if anything happens to you.

Help you invest your savings as wisely as possible.

Visit your Lloyds Bank manager and find out how much more you could be worth to your family.



Money comes to life at the sign of the Black Horse









## OVERSEAS

## Mrs Carter leaves on South American tour as her husband's special envoy

From Fred Riney  
Washington, May 30  
Mrs Rosalynn Carter, the President's wife, left today on her first diplomatic mission, a fortnight's journey to South American countries, including disgruntled allies like Brazil.

Mrs Carter is travelling as the President's personal envoy, but she insists that she will do no negotiating. White House officials emphasise, however, that this is meant to be more than the traditional goodwill tour.

The President has made it clear that he does not wish to travel outside the United States again this year and is sending his wife and avowed political partner. "There could be no more dramatic demonstration of the President's interest in Latin America," Mr. Jody Powell, the President's press secretary, said.

Mrs Carter said before she left: "I can give them an overall general view of our foreign policy. I can explain to them that, in the Carter Administration, there will be an open and wider foreign policy."

Obviously, she will also be able to convey Mr. Carter's views and report back to him the comments of her hosts. There have been ample advance reports of political and social handshakes to put Mrs Carter on her feet. During her indisputable election campaign, mostly on her own, she showed much intelligence and toughness beneath that soft Georgia peach-the-mouth smile.

Millions, unofficially, made it clear they thought their own importance and their present impasse in relations over nuclear arms and human rights required more than a mere First Lady. Other macho complaints buying in Washington suggested that other hosts were somewhat nettled at having to deal with a woman they presume uninformed.

They may be in for some surprises. Mrs Carter is a very public speaker than her husband and she has been taking Spanish lessons for the past three months. She has been to half a dozen Latin American countries before her husband was governor of Georgia. It would not surprise observers if she took a populist lead from her husband's book and charmed people where she could not impress governments.

She will fly, in succession, to Jamaica, Costa Rica, Ecuador, Peru, Brazil, Colombia and Venezuela. Officials here say that the countries have been chosen carefully to make a number of policy points, ranging from friendly democracies to allied military regimes that are not beyond the pale. She is not going to Chile.

There will be much emphasis on a mutual "reassessment" of hemispheric relations, as proposed by the President in his Pan-American Day speech last month. Mrs Carter will also be able to bring reassurance on two important issues for all countries south of the border. The first one is that negotiations are going well for a new arrangement governing the Panama Canal. A new fair deal with Panama is seen as the gauge of American commitment by virtually all Latin Americans.

Secondly, there is the question of illegal immigration into the United States. The issue mostly concerns Mexico, which is exporting its overpopulation, but all countries in the Hemisphere have an interest in how the fate of six million or so illegal aliens already here is settled. Mrs Carter is likely to take with her an explanation of the impending amnesty and of forthcoming surgeries for future immigrants.

St. Simons Island, Georgia, May 30.—President Carter said today he expected indications in the next few weeks of improved relations between the United States and Cuba but said they would stop "far short of recognition".

Talking to reporters at Brunswick, where he saw his wife off, said: "It would be better for this Hemisphere if Cuba did have good relations with the nations here."—AP.



President Carter and his daughter Amy see Mrs Carter to a waiting jet aircraft in St. Simons Island, Georgia, on her way to visit seven countries of South America.

Venezuela. Officials here say that the countries have been chosen carefully to make a number of policy points, ranging from friendly democracies to allied military regimes that are not beyond the pale. She is not going to Chile.

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In a leading article the newspaper said that if President Amin attended, other African leaders should walk out when he spoke.

President Kaunda's tour is to take him to Belgium, West Germany, The Netherlands, Italy, the Vatican, Austria, France and Britain.—Reuters.

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One of the perennial questions for Nato is how long it would take the Russians to bring how many of these divisions to the front, and how quickly they might bring them into fighting formation.

The Russians would probably need two days after mobilization day in which to prepare for the considerable task of transporting these divisions and their equipment to East Europe. Then, by using a combination of air, road and rail, they might be able to move the divisions at the rate of two a day or perhaps three every four days. Allowing for some delay in plumping out Category-3 divisions and for bringing the units on line when they have arrived, analysts reckon that the fighting formation would be ready 30 days after mobilization day—and most Pentagon planning is done on this assumption.

However, Nato at present assumes that for the first seven

taken by advances in firepower and mobility.

Dr James Schlesinger, when United States Secretary of Defence, said that an aggressor in central Europe could probably achieve a breakthrough with a superiority of only 1.5 to one.

Even so, given the uncertainties, it is more likely that if the Russians ever did contemplate war on the West they would prefer to add their divisions in the western military districts of the Soviet Union to the in-place forces in East Europe. This would give the Warsaw Pact a total of 86 divisions on line, or more probably, in echelon.

Only three of these 28 divisions are Category-1 units. Seventeen more are Soviet Category-2 divisions kept at between half and three-quarters strength, and the remaining three are Category-3 units with more than a third of their full establishment.

## West fails to prevent Namibia hanging

From Nicholas Ashford  
Johannesburg, May 30  
Filemon Nangolo, convicted last year of murdering four whites in Namibia (South-West Africa), was hanged in Windhoek at dawn today despite appeals by the five Western members of the United Nations Security Council for a reprieve.

Mr Nangolo, who was 26, was convicted as an accomplice in the murders last year of Mrs Shirley Lowy and her son Bertus, aged 12, and a German couple, Mr Gerd Wabner and his wife Elke. He had been paralysed from his waist down after being wounded by police in an exchange of fire.

Last Friday Sir David Scott, the British Ambassador to South Africa, delivered a Note to the South African Government calling for a stay of execution and a commutation of sentence. Representatives from the American, French, West German and Canadian Embassies made similar appeals.

They argued that Mr Nangolo's execution, coming at this particular juncture, would make more difficult the task of the five Western nations trying to negotiate a peaceful solution for the territory's future. Their intervention followed an appeal by Mr Daniel Tjenzarero, deputy chairman of the South-West African People's Organisation (SWAPO), to the United Nations to stop the execution. He said it could break down all possibilities of an internal solution to the problems of Namibia.

Meanwhile a diplomatic Note from the five Western nations to the South African Government today aimed at arranging a further meeting with the South Africans.

It now seems likely that representatives of the "contact group" will meet Mr Vorster, the Prime Minister, and other Cabinet ministers next week, possibly on June 8. The Security Council is due to begin a session on South Africa's policies on June 6.

On Friday Mr Vorster told Parliament that legislation would be introduced to establish a "central administrative authority" for the territory. He avoided any references to an "interim government", which has reinforced speculation that he is prepared to give way to the West on this point.

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## Timing open on Quebec independence plebiscite

From John Best  
Ottawa, May 30  
The Parti Québécois government of Quebec has been given a free hand by the party membership to work out the timing of its proposed referendum on the province's separation from Canada.

Delegates to the party's weekend policy convention in Montreal passed a series of moderate resolutions that generally agreed with the government and demonstrated Premier René Lévesque's command of the party.

The 1,500 delegates residing in the party's earlier pledge to take an independent Quebec out of Nato and the agreement between the United States and Canada on North American air defence. They did not, however, change their party's commitment to "a pacifist foreign policy based on the rejection of recourse to war".

Mr Bernard Landry, Economic Development Minister for the province, explained the change on Nato by saying that the Warsaw Pact countries had shown little sign of demobilization in recent years. The socialist parties of western Europe accepted Nato "Why would socialist democratic party like ours do otherwise?"

Despite strong arguments for planning the government down on a time for the independence referendum, the convention decided to let Mr Lévesque and his ministers arrange their own timing. The Premier has said that the vote would take place some time in his first five-year term, which began last November.

A resolution adopted by the convention said the Parti Québécois would "promote as far as possible the autonomy of Quebec during the period to be spent in the present federal regime" and "conform with the Lévesque government's policy of working within the Canadian Confederation while Quebec remains a part of it, but at the same time trying to widen its jurisdiction."

The government's overall control of the convention did not prevent delegates from passing a group of resolutions, opposed by ministers, effectively endorsing the principle of abortion on demand.

Mr Lévesque immediately announced that the government would consider itself bound by the resolutions: "A decision on such a controversial issue cannot be made at the congress level alone."

The delegates strongly supported language legislation being considered which would severely restrict the use of English in the province's school system.

New Egyptian town  
Cairo, May 30.—President Sadat yesterday laid the stone of a new industrial town east of here, the first of six residential and industrial centres designed to relieve congestion in Cairo.

about the time that Nato was reaching a decision to mobilize, the Warsaw Pact troops, ostensibly gathered for military manoeuvres, would roll forward over the North German plain—and the Russian tactical air reinforcements would also have arrived at this point.

That the Soviet Union might want to launch an unprovoked attack of this kind on the West seems so remote as to be beyond serious consideration. Slightly more feasible is the scenario sketched by Mr Robert McNamara eight years ago when he considered the possibility of "conflict arising from miscalculations during a period of tension."

More feasible still is that the Russians could build up such a margin of superiority that they could use it to exert political influence. The West, though not short of money or overall manpower, would have to submit through sheer lack of time.

The big question is how Nato could purchase more time, and what price its member states should be prepared to pay—in terms of both dollars and detente.

Tomorrow: Some answers and assessments

Tomorrow: Some answers and assessments

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## Army unity plea in Argentina

From Our Correspondent  
Buenos Aires, May 30  
General Jorge Rafael Videla, the Army commander and President, has called for "militaristic unity" within the Argentine Army while pointedly stating that "nothing and nobody" will divert its leaders from their present course.

In an Army Day speech yesterday, seen as a strong reply to right wing critics within the forces, General Videla re-emphasized that dialogue with civilian sectors was the best way to restore national unity and avert any isolation of the military government.

The idea of consultation with politicians and others is believed to have aroused considerable impatience among some officers.

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## Zambia call for walkout over Uganda

Lusaka, May 30.—President Kaunda of Zambia left today for a European tour which will include the Commonwealth summit in London beginning on June 1.

As he left, the semi-official Times of Zambia called President Amin of Uganda a "monster or madman or both" who had disgraced Africa and said efforts should be made to prevent him from attending the Lusaka summit.

In a leading article the newspaper said that if President Amin attended, other African leaders should walk out when he spoke.

President Kaunda's tour is to take him to Belgium, West Germany, The Netherlands, Italy, the Vatican, Austria, France and Britain.—Reuters.

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## Bangladesh poll backs President

Dacca, May 30.—First results from today's referendum in Bangladesh on President Ziaur Rahman and his policies were heavily in favour of the President.

Results from 13 polling centres showed 19,574 voters in favour of the President and 207 against. Unofficial results indicated that he had received 213,506 votes in 127 centres, with 2,016 against.

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## Mr Young's achievements praised by US President

From Our Own Correspondent  
Washington, May 30  
President Carter believes that far from moving too fast with his African policy, his progress has been too slow.

"We see the possibility of war in the southern part of Africa as being ever-present," Mr Carter said in an interview with the weekly US News and World Report.

He said that there had been no disagreement between himself and Mr Andrew Young, his permanent representative to the United Nations, "on the thrust of our policy or statements on Africa."

Mr Carter said that Mr Young had made great strides in repairing the damage of past hatreds which developing countries had for the United States. He had also given the Carter Administration "a very clear understanding of the opportunities for the United States in the Third World."

"If there's one overwhelming impression that's growing on me, it's the long-range strategic need—looking 10, 15, 20 years in the future—for a close friendship and mutual trust, social and political alliance with the developing nations of the world," the President said.

Mr Carter refused to be drawn on the Likud victory in the Israeli general election, except to say that he could not believe any reasonable Israeli leader would not maintain a commitment to withdraw from occupied territory in return for peace.

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## OVERSEAS

# India orders a judicial inquiry into Nagaland troubles

From Richard Wigg  
Delhi, May 30

The Indian Government has ordered a judicial inquiry into the two days of violent disturbances last week in Dimapur, the chief Nagaland town of the plains and an important Army staging post.

Mr Charan Singh, the Home Affairs Minister, announcing the inquiry, blamed "certain misguided sections of students and of the youth of Nagaland" who had committed deplorable acts of violence, arson, and looting.

According to reports from Nagaland, about 50 people, chiefly student leaders, have been arrested during disturbances in which about 60 to 70 buildings in Dimapur were set on fire. No figures have been given of the injured.

Dimapur is a town with a large immigrant population, including many Punjabis and Bengalis. Historically, the Nagas have shunned the plains, but economic progress has brought them down from the hills. Although the Indian Government, which set up Nagaland as a state in 1963 in answer to the armed struggle for independence, has funded Nagaland's development budget more generously than that of any other state, the Nagas continue to feel underprivileged.

The United Democratic Front (UDF), which allied itself with the Jaintia (People's) Party in March, included more economic development, especially for the backward areas, in its 10-point programme.

The defeat of the Congress Party underlined strong local sentiment for a greater degree of regional autonomy, despite Delhi's sensitivity on the whole issue.

The UDF accepted the

November 1975 Shillong peace agreement, which substantially ended the intermittent guerrilla struggle, and the party is now hoping to win power in the state legislative elections promised by Delhi for this autumn.

Before the elections take place, the UDF is also hoping for the "final settlement" which was promised in the Shillong agreement to the Nagaland problem. In particular, it is hoping that next month's meeting in London between Mr Morarji Deas, the Prime Minister, and Mr A. Z. Phiso, the exiled Naga leader, will, at the least, cause the veteran leader to associate himself with a settlement which the UDF believes the overwhelming majority of Nagas now want.

Naxalites freed: The Naxalites, the extreme left-wing guerrillas once much feared in India, are now a spent force, divided among 10 rival factions. Many of their former militant leaders have been physically broken after several years' imprisonment, often in primitive country jails. As a humanitarian gesture, the Government has just released about 500 of these detainees in West Bengal, only to confront the anarcho-nihilist movement with the ultimate indignity: the fate of about 400 more Naxalites still in jail now depends on a review of individual cases by a committee of civil servants.

These officials sit, moreover, in the Writers' Building, Calcutta's famous Victorian red-brick and ironwork monument to the British Raj. Bureaucracy must really be indestructible, the Naxalites no doubt think, as they sit in their cells pondering whether to sign the pledge of future good political conduct which the Bengali civil servants require of them.

## Mr Sanjay Gandhi to be given bail if arrested

Delhi, May 30.—Mr Sanjay Gandhi, son of Mrs Indira Gandhi, the former Prime Minister, was today granted a request for bail should he be arrested during investigations into his business affairs. He had asked on Saturday for anticipatory bail.

Mr Justice V. D. Mishra of the Delhi High Court ordered that Mr Gandhi, who headed the Maruti group of companies which is to be investigated by a Government commission, should be freed on 5,000-rupees (£330)

bail with a surety for the same amount. It is common in India to grant bail before arrest.

At the same time, Indian tax authorities announced plans to sell parts of the Maruti car factory to recover tax arrears of about £63,000.

Two days ago the Government set up a one-man commission to investigate the Maruti group, which during Mrs Gandhi's rule was awarded a licence to mass-produce a small "people's car".—Reuter.

## Mr Bhutto to discuss crisis with Opposition

From Our Correspondent  
Islamabad, May 30

Mr Bhutto has agreed to open negotiations on Friday with the opposition Pakistan National Alliance (PNA) to discuss the country's worst political crisis for six years.

The Prime Minister has met Mr Bhutto, the PNA president, several times in the last two months but this week's talks will be formal negotiations between the two sides, each represented by three leaders. Mr Bhutto will head the ruling People's Party negotiators and Mr Mahmud will be seconded by Nawabzada Nasrullah Khan of the United Democratic Front and Professor Ghafoor Ahmad of the Jamiatul Islami.

Pakistan's crisis stems from the bitterly contested general election in March which the Opposition alleged was rigged. Opposition leaders rejected several previous requests by Mr Bhutto for negotiations unless he first agreed to call another general election. It appears that a new election will be discussed, although Mr Kausar Niazi, the People's Party secretary, said today that the talks will take place "without any reservations of mind or subject".

Mr Niazi also said that Mr Bhutto had ordered the release from detention of one of the principal PNA leaders, Begum Nasim Wali Khan, as a gesture of goodwill.

Lahore, May 30.—Five senior judges walked out of the Lahore High Court today in protest against a remark by Mr Yahya Bakhtiar, the Attorney General, that one of them should not be on the bench.

The court was hearing a petition challenging the imposition of martial law.

The Attorney General later apologized in open court.—Reuter.

## Terrorist tract read out to shocked bankers

Guatemala City, May 30.—About 1,200 delegates attending the annual meeting of the Inter-American Development Bank were shocked today when the bank secretary opened the proceedings by reading out a five-page manifesto from the Guerrilla Army of the People.

This left-wing terrorist organization had promised to release Señor Eduardo Castejo Sandoval, the kidnapped Ambassador of El Salvador, on condition that the manifesto was read at the meeting.



Dr Herman reunited with his daughters Janna (left) and Svetlana, in New York.

## Reunion for survivor of Stalin

New York, May 30.—Dr Victor Herman has been reunited here with his two Russian daughters, Janna, 18, and Svetlana, 20, who spent 18 years in Siberian prison camps, sometimes eating rats, worms and slugs to survive, and was then exiled with his wife and children beyond the Arctic circle.

Eventually he was pardoned, became a professor of English in Moscow, and was finally allowed to return to the United States last year. Now his daughters have been allowed to join him and soon, he hopes, his wife, whom he says he was forced to divorce, will also be allowed to return.—Reuter and AP.

## At least 44 die as train plunges into Indian river

Delhi, May 30.—At least 44 people were killed and more than 100 injured today when a locomotive and four coaches of an express train plunged into a river in eastern India. An Indian Army unit travelling on the train managed to rescue about 100 people from the water.

The accident occurred about 70 miles from Gauhati as the train passed over a bridge damaged by rain. The weather was reported to be hampering further rescue efforts.

Official sources in Delhi said it was difficult to estimate the number of passengers in the four coaches. Two of the coaches were still submerged.—Reuter.

## Cuba-Jamaica link

Havana, May 30.—Cuba and Jamaica have agreed on a programme of economic and technical cooperation for the next year after a week of meetings.

## China accuses Russians of subversion in Africa

Peking, May 30.—China today attacked Soviet entry in Africa on the front pages of the official newspaper the People's Daily.

The article, which praised "Zaire's routing of a Moscow-engineered invasion", was accompanied by a report and map depicting alleged Soviet moves to subvert African economies and seize vital trade routes.

The wording was uncompromising even by Peking's standards. Headed "The Africa madness of the new year", one commentary said that after setbacks in Egypt and Sudan, the "shifter hands of the Russian bear" were stretching into all parts of the continent and even using mercenaries (an allusion to the Cubans).

The newspaper gave a detailed account of Peking's view of the Zaire conflict which, it claimed, had "unmasked the repulsive features of Soviet social imperialism

unmatched in its rapacity and shamelessness".

Moscow, Tass said today that the methods of the new Peking leadership had "dashed hopes that the death of Mao Tse-tung would bring 'positive changes' in China."

The news agency also accused Chinese leaders of poisoning their people's minds with hatred for the Soviet Union.

Cairo, Egypt, which hopes to improve its strained relations with the Russians but refuses to send its foreign minister to Moscow, remained at loggerheads with the Soviet Union after talks failed today to fix a site for a foreign ministers' meeting.

Mr Vladimir Polyakov, the Soviet Ambassador to Egypt, met Mr Ismail Fahmy, the Foreign Minister, last night and again this morning. An Egyptian spokesman said they reached no agreement on a site for Mr Fahmy's planned meeting with Mr Gromyko.—Reuter.

## In brief

### Black journalists reject offer

Johannesburg, May 30.—Black journalists here have rejected an attempt by their white colleagues to form a multiracial professional association, a spokesman for the Union of Black Journalists said.

The recent move by the South African Society of Journalists to reconstitute itself outside South Africa's Industrial Conciliation Act, which prohibits black membership, was "another attempt by whites to enter the international arena after being shunned", the union said.

### Car bomb attack

Tokyo, May 30.—An unattended, radio-controlled car containing a bomb today crashed through a line of police vehicles on the highway leading to Tokyo's central business district, which has been the target of protests for years, but failed to explode.

### Audubon prints stolen

Key West, Florida, May 30.—Thieves at the weekend stole more than 400 of James Audubon's watercolours of North American birds, valued at \$235,300, from his former home here, which is now a museum.

### Spy girl well

June Wright, a 20-year-old Manchester woman held with three others in a Soviet spy ring, is fit and well according to Mr Albert Gundersen, the British Consul, who visited her.

### Rig defended

Tripoli, May 30.—The Libyan Government, rejecting claims by Tunisia that an American oil-drilling rig, called the I.M. Bates is exploring in Tunisian waters, said it was 26 miles inside Libyan waters.

### Nurse on trial

Bangkok, May 30.—Rita Nightingale, aged 23, a nurse from Blackburn, arrested on March 19 for allegedly attempting to smuggle out heroin, will appear in court here on Monday, legal sources said.

### £8m drugs haul

Chester, Nova Scotia, May 30.—Police found 61 tons of hashish and marijuana, worth \$14m (£8,800,000) on board a schooner which docked here. Three Americans and a Canadian were arrested.

### Fire bomb deaths

Istanbul, May 30.—A fifth person died today after bomb explosions in an airport and a railway station in Istanbul yesterday. At least 42 people were injured.

## MPs unhappy at rate of progress on human rights

By Roger Berthoud  
Disappointing but not discouraging, is the verdict of the first House of Commons report on the implementation of the Helsinki agreement of 1975 on security and cooperation in Europe.

Drawn up by the defence and external affairs subcommittee, mainly on the basis of evidence from Whitehall officials, it is not short of advice for Britain's delegation to the Belgrade review conference on the same theme. The preparatory phase opens on June 15.

The MPs found little progress on human rights and noted that in some cases there appeared to have been a deterioration.

The performance of the Soviet Union and some Eastern bloc countries in facilitating family contacts is described as disappointing, and Britain intends to raise this "unsatisfactory general performance" at Belgrade, although a number of individual cases had been settled.

The number of visa applications for private visits to Britain by citizens of East-European countries had not changed significantly over the past year, except in the case of Poland, where it increased from 13,423 in 1976 to 19,281 in 1977.

The cost of a passport in the Soviet Union was reduced from 400 to 300 roubles, but the new fee still represented 21 months' average income, the report said. It also remained very high in Poland and Bulgaria.

There was special discrimination against those who wished to visit or be reunited with "illegal" emigrants or political suspects, especially in Czechoslovakia, Bulgaria and the Soviet Union; and frequently a close relative had to be left behind as a "hostage".

The subcommittee also found little evidence of the positive and humanitarian spirit called for in Helsinki over applications for family reunions.

But the report noted that the Soviet Union had continued to "allow" greater numbers of "ethnic" Germans to leave, that there was a small number of Jews allowed out, and that in both Bulgaria and Czechoslovakia there had been progress in family reunions involving Britons. Relatively few Poles were prevented from leaving for political or security reasons.

The MPs believed that on human rights issues, the Western states should "err on the side of firmness" when steering between two dangers. These were that by pressing too hard for more concessions they might provoke a repressive response, and that by holding back justified criticism the West might seem to be diluting its commitment to the principles at stake.

They felt that Britain should not object in principle if the Eastern bloc raised in Belgrade matters such as the alleged use of illegal interrogation methods by the British Army in Belize. Indeed, this might even be welcomed in establishing the fact that no country is immune from criticism of its internal affairs, they commented.

Leading article, page 15

## Mr Podgorny absent for state welcome

Moscow, May 30.—President Podgorny, dropped last week from the Politburo of the Soviet Communist Party, failed to appear with other Kremlin leaders today to greet Mr Todor Zhivkov, the President of Bulgaria, who is visiting the Soviet Union.

It was the first important state occasion since Mr Podgorny's removal from the Politburo that the President would normally have attended. His absence was seen as further confirmation of his political demise.

Mr Brezhnev, the party secretary, is widely expected to take on the role of head of state as well as his party post later this year. He took the salute today with Mr Zhivkov.

There has been no explanation of Mr Podgorny's departure from the Politburo but it is believed to have been connected with the new Soviet constitution.—Reuter.

## Writers' groups seek release of jailed Pole

Warsaw, May 30.—Two Polish writers' groups are seeking the release from prison of Jan Jozef Lipski, a dissident literary critic, who they say is suffering from heart and kidney trouble, dissident sources said today.

Mr Lipski is one of 10 arrested dissidents whose detention has led to a protest hunger strike by 14 people in a Warsaw church.

The Polish chapter of the PEN Club, of which Mr Lipski is a member, has appealed to the Minister of Culture and the General Prosecutor's office to release him on the ground that he is dangerously ill.

The chapter also has asked the London headquarters of the international writers' organization to intervene. The sources said the headquarters had promised aid.

The dissident sources said the Polish Writers' Union also had "undertaken steps" to free Mr Lipski, but gave no details.—AP.

## The right answers could get you an Award

|                                                                                                                                   | YES | NO |
|-----------------------------------------------------------------------------------------------------------------------------------|-----|----|
| Are you interested in maths or the physical sciences or craft, design and technology?                                             |     |    |
| Do you want to teach any of these subjects?                                                                                       |     |    |
| Are you a qualified teacher?                                                                                                      |     |    |
| OR                                                                                                                                |     |    |
| Are you a graduate in mathematics; one of the physical sciences; engineering or allied subjects—with at least 5 years experience? |     |    |
| OR                                                                                                                                |     |    |
| Do you hold an HND or HNC in technological subjects, a full technological certificate of CGLI or any equivalent qualifications?   |     |    |
| Are you at least 28?                                                                                                              |     |    |

## Applying for a Teachers Training Award now could lead to a worthwhile new career

There is still a shortage in secondary schools of specialist teachers of *mathematics; the physical sciences; craft, design and technology*—subjects that are vital to the country's prosperity. To help alleviate this shortage, the Government is offering a number of Special Teacher Training Awards. Mainly starting this September, these Awards offer people who have an interest in one of these subjects, and who are at least 28, a year's full-time course in teaching it.

The Award consists of a free, full-time course during the 1977-78 academic year; a maintenance allowance free of tax and other deductions, which in the case of a student with an adult dependant and one child would amount to £58 per week; and a lodging or travel allowance where appropriate.

### Who qualifies?

People aged 28 or over who have not followed full time higher or further education courses in the last five years and are:

1. Graduates in mathematics, one of the physical sciences, engineering and allied subjects.
2. Qualified teachers not currently working as teachers in maintained schools.
3. Holders of HND, HNC, full technological certificate of CGLI or an equivalent qualification, with suitable industrial experience for training as teachers of craft, design and technology.

### If you're already teaching?

You should consult your employing Authority. They may be able to offer you secondment for training, or retraining, in one of these subjects.

This Special Teacher Training Award scheme is for the 1977/78 academic year, and most courses start in September. So act quickly if you're interested. Start now by filling in the coupon for a pamphlet that explains in detail who qualifies, and how to apply.

Please send me the leaflet on the training and retraining of teachers.

Name \_\_\_\_\_

Address \_\_\_\_\_

T/1

Post to: Kathy Collins, Information Division, Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

## EXHIBITIONS

**GERDA FLOCKEN**  
BARTHOLOMEW, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824,



















RT

## Southgate more tactically aware than unimaginative Belgians

Royal Ucléle, the Belgium team, made their own contribution to the silver jubilee of the European Championship for the first time in 1977. The team, which was led by the experienced and tactically aware Southgate, was highly successful in the first round, beating the Belgians 2-1. The match was a tactical battle, with Southgate's side showing more awareness than the Belgians. The Belgians, who were led by the more unimaginative coach, were outplayed by the tactical side of Southgate. The match was a tactical battle, with Southgate's side showing more awareness than the Belgians. The Belgians, who were led by the more unimaginative coach, were outplayed by the tactical side of Southgate.

## Union coach denies use of illegal tactics

New Zealand, May 30. The British coach, today denied that he had used illegal tactics in the Lions tour. The coach, who was accused of using illegal tactics, denied the charges. He said that the Lions were playing the game the way it should be played, and that he was not using any illegal tactics. The coach's denial came in the wake of a report that he had used illegal tactics in the Lions tour.

## Finishing power tells for Szurkowski

Ryszard Szurkowski, of Poland, the 1973 world cycling champion, gained the first stage victory of the 1977 Milk Race, 34 miles from Southend to Norwich, yesterday. Szurkowski, who was known for his finishing power, won the stage by a narrow margin. The race was a tactical battle, with Szurkowski's finishing power proving to be the deciding factor.



A journey's beginning: 66 riders set off from Southend on first stage of Round Britain Milk Race.

## Results at Beckenham and Manchester

BECKENHAM RESULTS: Men's singles: 1. R. Szurkowski (POL), 2. J. R. S. (GB), 3. J. R. S. (GB), 4. J. R. S. (GB), 5. J. R. S. (GB). Women's singles: 1. J. R. S. (GB), 2. J. R. S. (GB), 3. J. R. S. (GB), 4. J. R. S. (GB), 5. J. R. S. (GB). MANCHESTER RESULTS: Men's singles: 1. J. R. S. (GB), 2. J. R. S. (GB), 3. J. R. S. (GB), 4. J. R. S. (GB), 5. J. R. S. (GB). Women's singles: 1. J. R. S. (GB), 2. J. R. S. (GB), 3. J. R. S. (GB), 4. J. R. S. (GB), 5. J. R. S. (GB).

## Solomon too weak for a tough challenge

From Rex Bellamy  
Paris, May 30. Harold Solomon, runner-up for the men's singles a year ago, was beaten 6-4, 7-5, 2-6, 6-3 by Jose Figueras, of Spain, in the French tennis championships here today. Solomon resumed competition only a fortnight ago after a debilitating illness had laid him low for three weeks. More than most players, he depends on energy and stamina, and in Paris he has been deficient in both. Figueras, aged 24, can be a tough player to beat on slow clay. They had a long, tedious, attritional match in oppressive heat. There were times when it seemed that Figueras did not have the confidence to win and Solomon did not have the legs. But the fitter player won.



Harold Solomon: deficient in stamina after illness.

Deut is the first Australian to reach the last eight here since 1970. His left ankle has been suspect since a car accident in 1972 and is always bandaged. But he has been playing long matches and has never been more consistently agile in directing his well-muscled frame about the court. He suggests that his present form may partly arise from a decision that he must play his own game. "I tried to play too much like a clay-courter. But I'm not like that. I've got to hit the ball and they're going in. I can't finesse with these guys. If I tried, it would be a joke. I've made up my mind I'm going to play in a certain way and give it everything."

## Results at Beckenham and Manchester

BECKENHAM RESULTS: Men's singles: 1. R. Szurkowski (POL), 2. J. R. S. (GB), 3. J. R. S. (GB), 4. J. R. S. (GB), 5. J. R. S. (GB). Women's singles: 1. J. R. S. (GB), 2. J. R. S. (GB), 3. J. R. S. (GB), 4. J. R. S. (GB), 5. J. R. S. (GB). MANCHESTER RESULTS: Men's singles: 1. J. R. S. (GB), 2. J. R. S. (GB), 3. J. R. S. (GB), 4. J. R. S. (GB), 5. J. R. S. (GB). Women's singles: 1. J. R. S. (GB), 2. J. R. S. (GB), 3. J. R. S. (GB), 4. J. R. S. (GB), 5. J. R. S. (GB).

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## Megan will not let Lucas and in way of come back

Englishman, Chris, who has been in the news for his alleged affair with a woman, is expected to return to the ring. The woman, who is believed to be the same woman, is expected to return to the ring. The woman, who is believed to be the same woman, is expected to return to the ring. The woman, who is believed to be the same woman, is expected to return to the ring.

## Boxing takes count before going to Yugoslavia

East Germany, May 29. The 1977 European Championship for the first time in 1977. The match was a tactical battle, with Southgate's side showing more awareness than the Belgians. The Belgians, who were led by the more unimaginative coach, were outplayed by the tactical side of Southgate.

## Rugby League Manager wants 'Jubilee' performance

Reg Parker, manager of the British Rugby League team for the world championships, said yesterday that he was looking for a "Jubilee performance" from the team. He was speaking before the party of 20 players, and coach David Watkins, flew from Manchester to New Zealand and Australia, for matches against those countries and France.

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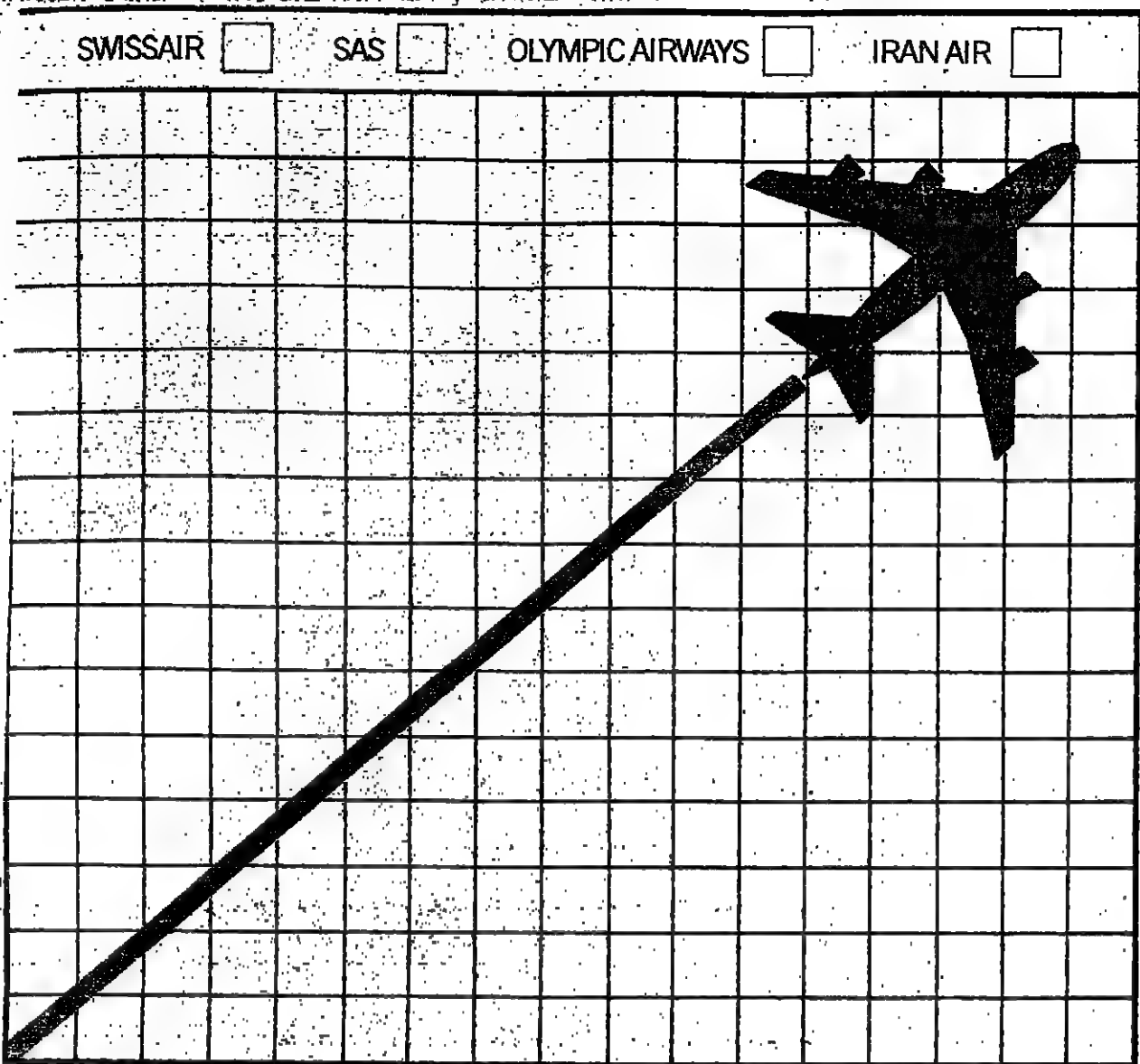






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# Guess which is the world's fastest growing airline?



Only one of these airlines flies to London, New York, Moscow, Peking and Tokyo. Which is it?



Only one of these airlines has the new high flying 747SP Jumbo, the most comfortable plane in the sky. Which one?

AIR CANADA ☐ AIR FRANCE ☐  
AIR INDIA ☐ IRAN AIR ☐

There's only one airline in the world that will fly you to four continents in the same plane on the same day. Which is it?

QANTAS ☐ TWA ☐  
KLM ☐ IRAN AIR ☐

The world's fastest growing airline, believe it or not, is Iran Air. It really is.

For instance, every year for the past five years we've bought more new planes. (This year, we take delivery of new 747-200Bs. The very latest Jumbo.)

And every year for the last five years we've flown more passengers to more destinations.

So that today you can fly Iran Air to any one of twenty seven major cities throughout the world. (Including, by the way, London, New York, Moscow, Peking, and Tokyo.)

If the flight takes your fancy, Iran Air can also fly you to four different continents, in the same plane on the same day. (Tehran to Cairo, on to Paris, finishing up in New York.)

Quite a hop.

Do it in reverse though, New York to Tehran, and you'll experience one of the longest non-stop scheduled flights ever.

Over 6,200 miles.

A distance covered with ease by Iran Air's new 747SP.

The 'Special Performer' Jumbo.

It flies a mile above normal air routes. A mile above the bad weather.

Making it the most comfortable plane in the air.

And that's not pie in the sky. It's a fact. Like everything else on this page.

**IRAN AIR**  
The world's fastest growing airline.



Bernard Levin

# When the shouting dies down, Leyland will still have questions to answer

And now it is time that I had my own four pennorth on the Leyland affair. And the first thing I wish to say on the subject is that, despite the various attempts to suggest otherwise, and indeed the obvious necessity on the part of some of the suggesters to suggest it, it is the Leyland affair and not the Daily Mail affair. It is true that the Daily Mail, in this matter, maintained with apparently effortless ease, all the charm, penetrating intelligence and faultless professional judgement that we associate with the Rothermere empire, the last word on which has recently been said by Mr Charles Wintour. It is true also that the "Checkers speech" committed to print by the Mail's editor in the grip of the very understandable emotions that must be felt by a householder who sees his savage Alsatian bite the postman, only to find the beast turn and rear his own left leg off, must find a honoured place in any museum of emetics. And of course I cannot make, and in any case have no wish to make, any comment on the matter, now at law between Lord Ryder and Mr Varley on the one hand and the Daily Mail on the other, or between the Crown and Mr Barton. But that still leaves me quite enough room to swing a pen, and enough subject-matter to swing it over.

The nub may be put in the form of a series of questions. Did British Leyland, at 11pm, and in front of another £25m in bribing people to buy their cars? If so, who authorized these payments, and who knew about them? In view of the fact that British Leyland is, to all intents and purposes, a nationalized concern, and that the Government has promised to pour a total of £1,400m down

the drain of its infinitely capacious gullet, what is the Government's attitude, and that of the NEB, to the bribery allegations, and what would their attitude be if these proved to be correct? What steps is the Government taking to determine, in a manner which will satisfy even those incurably sceptical people who, in their eternal shame, do not find the "rush fund" existing, the declaration by British Leyland to the effect that British Leyland is as clean as a homed's tooth, whether those allegations are true or not?

Now in putting these questions, I have to say that they cannot be put by those to whom they are addressed simply switching on the sign saying "Sub judice". The civil actions under way go to the question of the integrity of Lord Ryder and Mr Varley, the criminal, to that of the conduct of Mr Barton. Whether the "rush fund" existed, independently of the main case.

The Prime Minister, who apparently grows ever more implacably determined to turn his own political character into a convincing likeness of that of his immediate predecessor, has adopted Sir Harold's most familiar course of action: what faced with an awkward question, attack the press. And so we get a display of that same parliamentary cant to which Sir Harold was so much given, the "political spite" designed to damage the Government and a nationalized industry, and therefore can be ignored.

But wherefore therefore? Let us put upon the Daily Mail's conduct the very worst possible construction: let us suppose that Mr English and Mr Barrow were both, when in their

A witness for the prosecution is not to be put out of court merely because he is unshaven and wearing a dirty collar

prams, knocked down by a Range Rover, and have ever since been thirsting for revenge, however unworthy. Let us, further, imagine that they are under the influence, if not, indeed, in the pay, of Wall Street, the Kremlin and the Jews. Let us go so far as to presume that Mrs Thatcher has promised them Cabinet posts in an ensuing Conservative Government if they can only bring this one down.

None of this affects my original questions in the least. A witness for the prosecution is not to be put out of court merely because he is unshaven, wearing a dirty collar and smelling powerfully of methylated spirits. No doubt in those circumstances his evidence must be rigorously tested: but it must be heard.

The Mail's allegations (I repeat that I am not referring to those in which individuals were named, but only to the general ones, supported by documents, about the alleged payment of millions in bribes) were unambiguous, extensive and very serious indeed. A considerable debate has already taken place on the ethics involved. Some have said that if bribery is necessary to secure contracts and deals abroad, and that without such bribery less scrupulous manufacturers from other countries will obtain business that might come to Britain, then so be it: Britain must pay *hush-money* and justify the action in the name of the great God Exports. Others have said otherwise, declaring that such practices are abhorrent, and that it is better we should perish of a collapsed balance-of-payments than stoop so low. Others again have maintained that, although this conduct is acceptable, however distasteful, where private industry is concerned, it cannot be permitted when the concern is a public one. And no doubt I cannot have read everything that has appeared on the subject—there has even been someone to maintain the opposite of that last proposition.

But all the comment has taken place in the absence of determined facts, and the Government is still dodging the only important question, which is, of course: what are the facts? From the statement hastily put out by British Leyland before they too sank happily back on the cushions of *sub judice*—a statement in which they said they had done nothing against British law—certain deductions can readily be made. But deductions are not evidence, let alone proof. To the extent that certainty can

ever be attained in such questions, it is required here. Yet the official public search for it has not yet begun, and the Prime Minister is clearly trying to ensure that it never shall. This will not do. We are not here talking of a fiver slipped into a salesman's hand with the suggestion that he should buy himself a couple of drinks with it. We are discussing allegations that millions upon millions of our money have been, and are to be, paid out abroad in corrupt practices, on behalf of a firm for which there is a direct national responsibility. I naturally do not know whether the allegations were soundly based or not; and for the present at least, I am refraining from expressing an opinion on the moral legitimacy of the behaviour they concern if they were.

But they have been made, in the most serious and responsible manner (whatever the nature of the other allegations made concomitantly), and apparently supported by a substantial body of documentary evidence. And the allegations and the evidence alike must now be coolly, impartially and thoroughly examined, and the responsibility for what ever has been happening, if anything has, must be determined. The matter has already gone far beyond the point at which a departmental investigation, let alone an internal one by British Leyland, can suffice. Nothing short of a Tribunal of Inquiry, armed with the full powers that such a body is equipped with, will now do. That, as it happens, was what this newspaper said editorially on the morrow of the making of the allegations. Nothing that has happened since has in any way reduced either the necessity or the urgency of such a procedure.

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## Tracking the hobbit down to earth

The origin of the engagingly elusive hobbit has at last been tracked to earth. It was previously supposed that the late J. R. R. Tolkien, founder of the cult, was the nomenclator who invented the name and gave it to the world with the publication of *The Hobbit* in 1937. In a hole in the ground, there lived a hobbit.

Professor Tolkien was consulted about the appropriate entry to put under "hobbit" in the *OED Supplement* volume two (1976). He wanted the lexicographers to put "a name invented by themselves", *sc. the hobbits*. Etymological exactitude would not quite permit them to do that. Instead they put:

"In the tales of J. R. R. Tolkien: one of an imaginary people, a small variety of the human race, that gave themselves this name (meaning 'hole-dweller') but were called by others *hobbits*, since they were half the height of normal men."

Robert Burchfield, chief editor of the Oxford English Dictionary, had Tolkien for his supervisor when he was a Rhodes Scholar after the war. He once asked him whence he had got the name "hobbit". Tolkien replied that he could not remember. Perhaps he invented it, or may have picked it up from a nineteenth-century source.

That source, Tolkien's inspiration, has now been identified. An outside reader for the *OED* spied the name "hobbit" in a Dictionary of *Fairies* published in 1976. It was quoting from an obscure nineteenth-century publication called *The Denham Tracts*, which included a long list of fairies, spirits, goblins, and other such creatures.

This in turn incorporated most of the fairies and spooks



J. R. R. Tolkien: the hobbit identified.

named by Reginald Scot in his *Discoverie of Witchcraft* (1584). Michael Aspley Denham, a tradesman of Pierce Bridge, made his collection of tracts concerned with folklore between 1646 and 1653. There were miscellaneous jottings of folklore and superstition printed in leaflets, pamphlets and local newspapers. Many of the originals are in the archive of the Society of Antiquaries of London.

They were brought to the attention of the Folklore Society, for whom Dr J. Hardy undertook the editing of a collection, which he called *The Denham Tracts*. This was published in two volumes in 1892 and 1893. The second volume (1893) contains the passage: "The whole earth was overrun

with goblins, bogles, biers, hobgoblins." Most of this is taken directly from a recent century list. But Denham introduced a number of new types of including the *hob* Hardy, his editor, simply as a class. Where Denham found no trace of it, Hardy, the most potent myth, was suitably introduced. But true lovers of the realm, unhappily, that it may have been folk memory from folk.

Philip H

Two years after the referendum, the same old weary battles are being fought in the Commons

## Making a dog's breakfast of Community business

The supreme advantage of holding a referendum on British membership of the EEC was to be that it would settle the question once and for all. In reality, no such conclusion can be drawn from the latest report from one of the Hansard Society's unruly commissions headed by Professor David Coombes. (*The British people: their policy in Europe*, The Hansard Society for Parliamentary Government, Saxon House, £7.50). True, there have been some changes since the referendum result. Labour and trade union representatives do now turn up at the European Parliament and the Economic and Social Council. But throughout the report—which deals with the effects on British representative institutions in the broadest sense, including pressure groups of membership of the EEC—there is evidence of the British having less than their expected impact because much of their energies are expended on fighting the same old weary battles and revisiting the otherwise abandoned battleground.

This can be seen especially in the contrast between the behaviour of the House of Commons and the House of Lords in relation to Community affairs. If there were no other argument in favour of retaining an Upper House with many of the qualities of the present House of Lords, this single one would be enough. Both Houses receive from the Government, Community documents, not merely proposals to the Council of Ministers for detailed legislation but such general reports as that by Leo Tindemans, the Belgian Prime Minister, on European Union. The Lords behave like a mature chamber seriously interested in the substance of the proposals.

The papers go to a select committee, which works through six specialized sub-committees, including a sub-committee under Lord Diplock which examines the legal implications of all proposals. They hear oral and written opinions from ministers, civil servants and private sources and, besides public hearings, they hold some consultations

in private with departmental officials, speaking in confidence and without a transcript. The result is an admirable series of reports which contribute to the discussion of the merits.

The Commons by contrast makes a real dog's breakfast of Community business. The documents are sent to the Scrutiny Committee, which, let praise fall where it is due, unquestionably works hard. Whether it works to much purpose is an altogether different question. So terrified are the Commons of an opinion on substance being expressed in committee—because the Community itself and anything to do with it is held to be such a political hot potato—that they keep the Scrutiny Committee toiling with the utmost diligence at what, with a little experience of the kind possessed by parliamentary clerks could be described as largely a mechanical matter: that of sorting out the large numbers of documents into different piles, according to whether they raise issues that might call for debate on the floor of the House. These debates, so much contested for, are to say the least rather an anticlimax—held late at night, attended by an unrepresentative handful of MPs, and bound to last no longer than an hour and a half. One improvement of late is that the debate does at least now usually concern the subject under review, whereas for a long time it was almost entirely taken up with complaints about the procedure.

Dr Coombes attributes this to "the almost neurotic concern with its loss of formal competence which has dominated the House of Commons' reaction so far". But the problem does not rest wholly with the House of Commons. Dr Coombes's group was struck with the degree to which "the attitude of British official representatives has varied, as has their ability to adopt a constructive attitude, with the political attitude of individual ministers".

Again and again in hearing evidence this point was emphasized. The referendum battle is



Referendum time: a pro-Market group show their colours.

not over. It is still being fought in Whitehall and Brussels as well as at Westminster in slightly less open guises. Divisions in the Cabinet in recent years, says the Coombes report roundly, "have made it difficult for departmental means to be open with representatives of different groups and interests in their ambit and especially difficult to present a United Kingdom interest coherently and convincingly in Brussels".

The overriding importance in the Community of law is a matter which Coombes very appropriately stresses just immediately after the Euro-

pean Court has struck down the British subsidy to pig producers. "It would scarcely be an exaggeration," he writes, "to describe the Community at least in its manner of operating as a legal system and nothing else." It is no accident that the most supra-national of its institutions is the Court of Justice at Luxembourg. The report emphasizes this theme, stressing that as long as our membership lasts, Community law remains entrenched. They have become what amounts to a written constitution.

It was indeed an unfortunate part of the debate over the referendum that many of these points, which are essential to an understanding of the nature of the Community, were brought out among the leading campaigners, largely by the anti-marketisers. This will doubtless enable them to say, pointing to selected passages in the report, that it proves what they have all along contended. Nor all pro-marketisers, however, adopted such a low profile and those who speak of Britain becoming a "province" in a European state will find comfort from Coombes. He is particularly trenchant in what he and his colleagues have to say about direct elections to

the European Parliament. Direct elections would not by themselves affect in any way the distribution of competences between the member states and the Community, nor would they diminish the powers of Parliament at Westminster. The transfer of competences already took place when joining the Community and Parliament's role is already circumscribed by that fact. "There is no way in which the member states' parliaments can substitute for an effective Parliament at a Community level."

That statement, one might think, would go almost without saying were it not apparently the intention of the National Executive Committee of the Labour Party, with the backing of a majority though not a two-thirds majority of the party conference, to redraft the referendum over the issue of direct elections. Fortunately the Fabian Society, which has now escaped from the state of intellectual near paralysis from which it suffered for a while on this subject, has just published a report, *Direct Elections to the European Parliament*, by Mr Rod Northall and Mr Richard Corbett (Fabian Tract 50p). They point out the lamentable suicidal consequences of the Labour Party failing to take part in the four working parties set up by the Confederation of European Socialist Parties to prepare a common platform for the elections.

While the Labour Party makes up its mind whether it wants to fight the Labour Government and if so what are the instruments with which it can do the maximum damage to its own side and cause the most dismay among its fellow socialists in Europe, the Conservatives are actually getting their machines into order with the object of knocking Labour for six in an election that is supposed to take place—and will unless Britain again fumbles and drops the ball—in a year's time.

Another major theme of the Coombes report is paralleled to a certain extent by a second Fabian publication, *Influencing Europe: a guide for pressure groups*, by Roy Manley and Helen Hastings (Fabian Research Series, 55p). Hitherto there has been very little available about the adaptation of British pressure groups to British membership of the community. Those who are interested now have two complementary rather than competitive sources. What has to be remembered is that the Brussels style of operation is more open than Whitehall, and that there is more opportunity of bringing influence to bear on the pre-legislative stage of proposed measures, provided that access to persons

and information is available. Moreover it is no the least game that is affected by British ship. The Hansard report shows how all government are involved. It includes as an appendix a report on the work of the Hansard Society, which is a non-party organization, and Coombes co-edited a means of monitoring for them. The report also includes a section on the Community legislative process of securing influence on it. Dr Treaty of Rome brought conventional bound even domestic affairs and subjects the former to prove unlike intergovernmental comity the Community unquestionably imposes new complications in listing the definition of law. But members of the Community bring a unitary role to the affairs of the state and are created. Under the law they will enjoy legal rights against the government in Whitehall will be able to bring against it, says Coombes, "the full force of the law under common law".

Indeed, the really feature of joining to this time is that it with the raising of a home about all our national assumptions last paragraph. Dr Coombes following rather remark:

Indeed in decid lawments to give the Parliament, it is a think of any who not give it more relation to Community. It is a domestic business.

The author was a member of the Hansard Society party on whose work his report was based.

## All about the Windsors—or almost all

It was a naive question and quite rightly Audrey Whiting refused to give me a specific answer. How, I asked the court correspondent of the *Sunday Mirror*, did she get the authentic-sounding information with which she replied to hundreds of children's questions about the royal family in her paperback *Does Prince Philip Ate You Goodnight?*

Now, for instance, did she know the true facts when, in reply to the question whether the Queen liked bubble gum, she could give the reply: "She loathes the stuff."

And what was her source for the information that the Queen scrubs her own back with a stiff brush? When asked about the royal bath-

tween journalist and journalist, or between a journalist and Buckingham Palace, must be respected—or the country is done for.

The most interesting thing that Miss Whiting, a serious and respected writer, learnt from the question-and-answer exercise was that, in a potentially anti-monarchist age, children were asking very serious questions about royalty. The examples I have quoted are not wholly typical of those in the book.

Melbourne's dreary suburb of Springvale, looking to the local flora for aesthetic inspiration, has substituted "Bullocks and Sheeps" for "Ladies and Gentlemen" on a new toilet block.

Whitehall roots

In this column last week, under the heading "Whitehall looks for its roots", we attributed to Mr Michael Meacher, MP for Oldham West, certain statements to a study group on government machinery about the social origins of senior civil servants.

Mr Meacher denies having made these statements or ever

having held these views. We unreservedly withdraw the attributions and apologize to Mr Meacher.

Dual standards

Outraged of Hambleton writes to tell me that he bets the MCC will not drop Greig. Knott and Underwood from the Test team. If the Prudential game selections are anything to go by, he is right. The pink gun brigade clearly feels that chaps ought not to make money out of a game and must be punished if they seek so to do—but not punished too much.

Besides, if Greig and Co had been omitted, then the MCC fellows would have needed to ensure that Kevin Keegan was not only sacked as England's soccer captain, but also dropped from the international squad as well. And what a disaster that would have been.

Sports writers seem curiously myopic about certain things—like Greig not being English anyway (see this newspaper last week). How odd that they should all overlook the fact that Keegan, by seeking to secure part of his future abroad, will be earning twenty times as much as Greig.

The 18½ minute mystery

David Frost is scarcely the most reticent of men. Great, then, was my surprise when, talking to him the other day, he casually let slip a fascinating fact about his Nixon interviews.

We have now, as we had thought, seen the last of the inquisitorial sessions. Number four, screened on BBC television last week, is to be followed by number five.

In it, Mr Frost will be seen pressing Mr Nixon to explain that notorious 18½ minute gap in the White House tapes and asking why he did not burn the tapes. Less sensational, but crucially important, is the ex-President's assessment of the Salt talks. This last will provide another certain call for Henry Kissinger.

This fifth Nixon-Frost encounter will not be additional to the 23½ hours the two men sat facing each other. It was part of the scheduled four interviews but could not be slotted into them for reasons of time.

Americans are likely to see the fifth interview later this year. We in Britain must wait a little longer.

Garen't you relieved your ancestor's wife simply had an affair with a Stuart King?



A sign of the times: On the shelves of a London bookshop: "Non-sexist children's books".

Packaging can damage sales

The day Raleigh introduced tobacco smoking was a red letter one in Oxford. Marlboro, Essex, PHS and all the other young bucks rushed off to Fribourg and Treyer in the High and being too discerning for common or garden Turrett and Pichon's Cossack Blend Number Six (with coupons) bought quantities of the company's Number One Filter de Luxe.

These cigarettes used to be packed in handsome, but discreet, grey flip-top boxes (called Schneider boxes for some reason) and have, through the years, epitomized quality and taste.

On a recent trip to the company's emporium in the Haymarket, I found that the grey Schneider had been replaced by a dark blue and silver encasement of the sort normally associated with Ruritania Slims. Five Hundred Millimetre Tipped for the jet executive who stubs out cigars that he has smoked. Since then, many readers have written to me in dismay protesting at this monstrous new package.

Thus, to Messrs Fribourg and

Treyer to protest and seek explanation. Mr Fribourg (or it may have been Mr Treyer) told me that it was all the fault of the EEC regulations on taxation.

To preserve the quality of the Number One Filter de Luxe, and to keep the price down, a cheaper form of packaging had to be devised.

He said he was confident that the new pack would provide "a more approachable technique for marketing" the cigarettes which would appeal to many more smokers.

Hands across the Channel

Whatever Anglo-French stresses may exist elsewhere—and I have the EEC in mind—I suppose that there was no pleasure in a break in the future of the

Entente Cordiale at the Barbican yes contraire. It was *brave* and hands Channel.

The occasion was tuition of the 1977 towards for the Franco-British under

And the judges of the prize between woman and a French set of diplomacy Lord Duncan-Sandys, the European Movement, the French at the awards luncheon.

The winners, Marion Costa, of the Society since 1941, Robert Wiedler, General of the social counterpart the France-Grande Bre-

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# FRANCE

a Special  
Report

## Voters desert Gaullist reality for left-wing drama

by Charles Hargrove

The French combine a weakness for political drama, with a sound sense of reality. They witnessed the first in 1968, the students' barricades and the departure of General de Gaulle a year later. They demonstrated the second by the election of President Pompidou shortly after, and a little less clearly, that of President Giscard d'Estaing in 1974.

What they wanted then was continuity in change, and he seemed most qualified to provide a reassuring measure of the first, with a moderate loss of the second. Now their taste for drama seems to have got the better of their sense of reality, and they appear in a majority to want change without continuity.

In other words, a steady and inexorable tide seems to be carrying the left into power, after two decades of continuity provided by Gaullist institutions and policies, even if adjusted after 1974 to the requirements of a non-Gaullist President.

The fundamental weakness of the regime established by General de Gaulle in 1958 is that it excluded the alternation of left and right in power, as in all other democratic regimes. Because the existence of a strong Communist Party has thwarted the birth so far of a credible force on the left capable of winning power without it, a change of majority inevitably takes on the form of a violent upheaval, of a change of society and of regime.

"Me or chaos" was how the General, and to some extent his two successors, put the alternative to the voters. This did not prevent a substantial minority of more than 40 per cent or more from choosing "chaos". But continuity was preserved—if on the last occasion, in 1974, by a hair's breadth.

With the evidence of the municipal elections in March which showed that the communist bogy had lost its deterrent effect, the change of government, which was not regarded as one, and what is felt to be the irrelevance of its policy to the immediate requirements of the political

and social situation, a majority of voters would now choose "chaos", perhaps also by a hair's breadth. M. Giscard d'Estaing himself said in a broadcast recently that the left had an advance of four to six points.

"There is a strong desire for change", a senior official not suspected of left-wing sympathies recently told me, "and it is no longer really held in check by the fear of communists in the government." This desire springs from a variety of factors, conflicting and contradictory. The first factor is the wear and tear which affects all the men in power, irrespective of whether they belong to the Gaullist, *rassemblement*, or the other parties of the government coalition.

In fact, the Gaullists have suffered less from it than their allies or their rivals, within a majority whose divisive tendencies have been exacerbated by a political evolution over which they are losing control, and for which their recipes are increasingly divergent. After a short spell of three years, the centre, made up of President Giscard d'Estaing's own Independent Republicans, the followers of M. Jean Lecanuet, and the right-wing radicals, are in far worse electoral shape than the Gaullists.

Perhaps this wear and tear would have been less serious had the regime with which they have been identified demonstrated a capacity for renewal, combined with an ability to come to terms with the impact of a world economic crisis, which hit France later than its neighbours of the West.

The voters in the centre of the political spectrum are more pragmatic and less ideologically motivated than those with firm political loyalties. Above all, they want stability and security and they control the fortunes of the existing majority.

President Giscard d'Estaing, has failed to satisfy this yearning for stability and security. In a republican monarchy, as the Fifth Republic has been accurately described, the strengths and weaknesses of the head are reflected in all its members; there are

no checks and balances, parliamentary or otherwise.

His basic proposition that France could only spare itself the upheaval of revolution by a gradual and generous process of reform; that in order to conserve essential values, one must be ready, in a country as old as France, to change the moving crying injustices and inequalities, remains as valid as ever.

But he has failed in the past three years to demonstrate his ability to put this basic proposition into practice. He has deceived those who backed him as a bulwark against change; and disappointed those who had looked to him as its harbinger. Granted, it was not easy, for he owed his election in May, 1974, to the fortuitous meeting of these conflicting political aspirations; and the economic crisis created an unfavourable climate in which to transform French society.

But M. Chirac, the Gaullist leader, put his finger on the explanation for the sharp decline in the President's credibility and authority when he remarked recently that "in France, you must talk about reforms; you must carry them out". M. Giscard d'Estaing, on the contrary, was convinced that it was necessary to talk about them, in order to get people to accept them. His error

was, and is, to regard Frenchmen as more reasonable than they are.

The emphasis on reform (popularly and mutedly), against a background of mounting economic problems, and coupled with a concentration of power in presidential hands greater than under his two predecessors, has produced a widespread impression of irrelevance, indecision and ineffectiveness at the top. France has the feeling she is not governed". M. Max Lejeune, a Centrist Deputy, exclaimed in the National Assembly recently.

The third factor of the situation which, but for a miracle, appears to be sweeping the left into power is both the cause and the consequence of the first two—the steady advance of the popularity of the left. It has reaped the benefits of the radical rejuvenation of the Socialist Party since 1971, under the leadership of M. François Mitterrand, originally an outsider; of the alliance with the Communists on a common programme of the left, since 1972, and of the far-reaching evolution of the Communist Party, since its twenty-second congress last year, and the abandonment of its more cumbersome ideological trappings, like class warfare.

Already, in May, 1974, M. Mitterrand missed the presidency by less than 1 per cent. Since then, whether in by-elections, local elections, or most recently, last March, in municipal elections, his party's progress has been spectacular. It can now claim, without exaggeration, to be the largest in the country, with about 30 per cent of the popular vote.

The Socialists, until mid-1976, seemed to be the sole beneficiaries of the union of the left; and their advance mainly to be at the Communist's expense. But more recently, as their own evolution towards greater pragmatism and flexibility began to tell, the Communists have also begun to benefit from the dynamic forces it has released. And in the municipal contests last March, even in the old political battle ground of northern France, they reaped the full fruits of the voting discipline of

socialist supporters, notoriously reticent towards them in the past.

This righting of the balance between the two main left-wing parties has removed most of the surviving communist suspicions against their allies. There remain fundamental differences, of policy, personality and outlook. But the prospect of victory on their own terms for the first time since the Popular Front of 1936 has pushed these differences into the background. They will only break out into the open under the stress and strain of power—or in the bitterness of defeat—so much so that it has been said that power would be the undoing of the union of the left.

If the prospects of success consolidate the unity of the left, the spectre of defeat in the parliamentary elections of March, 1978—or sooner—accentuates the divisions of the right. But the seeds of these divisions go back to 1974, when the dominant Gaullist Party lost the presidency.

They were heightened two years later, when it lost the premiership as well, through the resignation of M. Chirac; and they came to a climax earlier this year when the Giscardians tried to stop the Gaullists from obtaining the new mayoralty of Paris by putting up M. Michel d'Ornano, one of the President's men, as the Government's candidate.

The appointment of a non-political prime minister last August for what was essentially a political task was, in the Gaullist's opinion, a grave psychological mistake of the kind M. Giscard d'Estaing has been guilty all too frequently in the past three years. M. Barre's stubborn insistence on the virtue of austerity and retrenchment, however right in themselves, was another in an electoral year. "You do not win votes by graphs and indices", a member of Parliament exclaimed in the recent debate on the Government's 12-month "action programme".

Instead of the fighting government the political emergency called for, the

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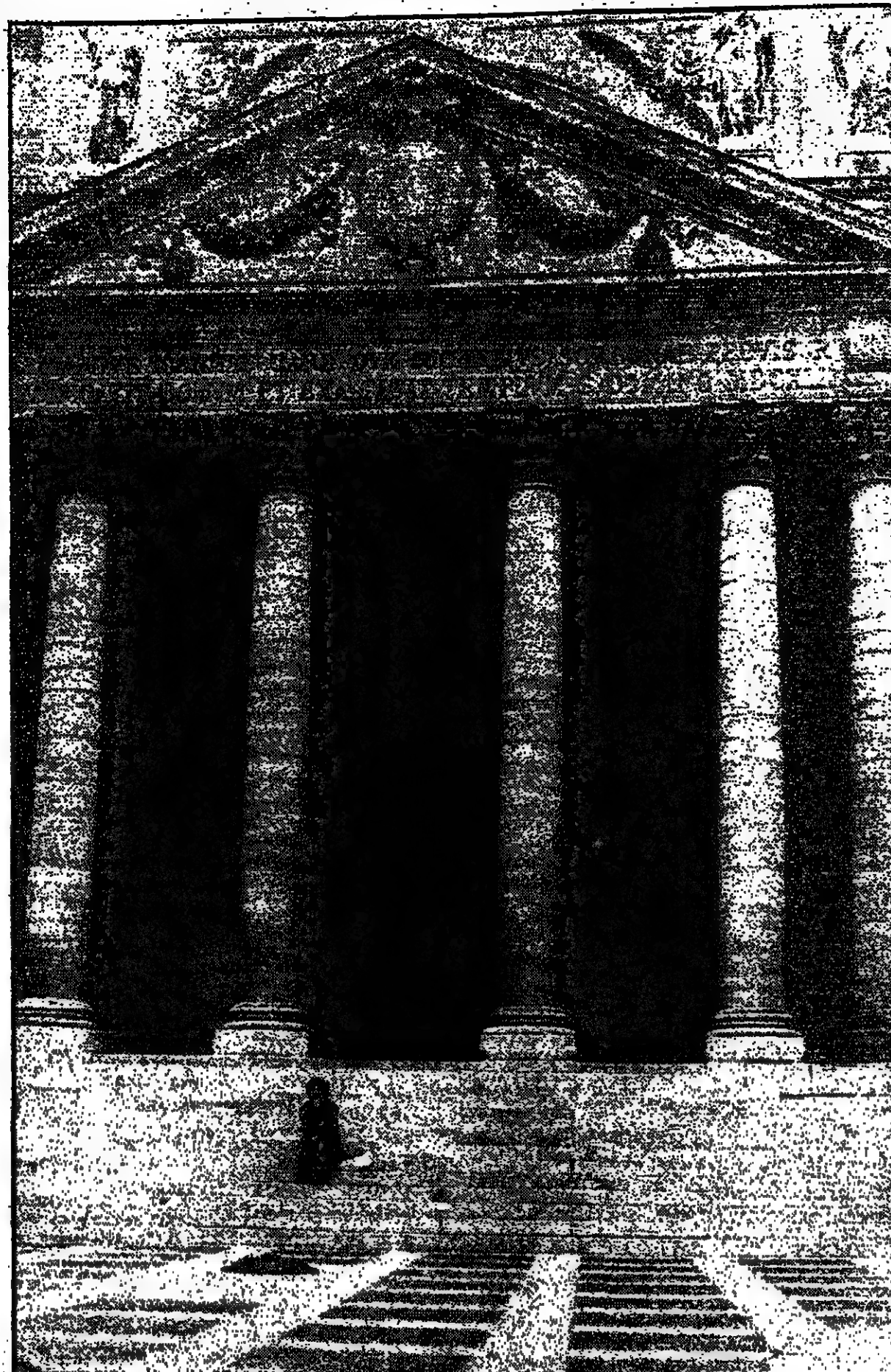
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## Success with independence in foreign sphere

by Charles Hargrove

In *Démocratique Française*, his political testament published last October, President Giscard d'Estaing sums up the two basic principles of French foreign policy as the determination to be independent, and the practice of solidarity and co-operation.

Ever since he took office three years ago, he has been suspected both by the Gaullists and by the Communists of sacrificing the first to the second, which is obviously a much closer reflection of his own temperament.

When he came to power, he found a legacy of misunderstanding and contention with the United States, and of suspicion of the rising German power in Europe. He set about changing the style of French foreign policy in these two important respects, without altering its substance. He wished to achieve the same substitution of dialogue for confrontation, of tolerance for intransigence, that he was trying to inject into domestic politics.

It is a truism to say, now that he is near the halfway point of his seven-year term of office, that he has been far more successful in the foreign sphere than in the domestic one; and that France has broadly succeeded in maintaining its independence in world affairs without the prickly hauteur and jealous nationalism that were regarded by General de Gaulle as its essential corollaries.

In the past three years, he has learnt a great deal and lost some of his earlier illusions. His view of the world has become sharper and more sober, his affirmation of French national interests clearer and more resolute. The terrible imprecision of his benevolence towards all, and hostility towards none, which characterized the Giscardian philosophy of *mondialisme*, in the words of Mollat's *Mitochondrie*, that to be esteemed by everyone is to be esteemed by none.

Yet, paradoxically, at home the President continues to be accused by his critics of allowing national independence to be whittled away in finance, nuclear development and defence; while, abroad, he is charged with succumbing to a host of latter-day Gaullism, when

he intervenes singlehanded in Zaïre, or refuses to dine at No 10 with Mr. Roy Jenkins, the President of the European Commission.

The evolution of French foreign policy is illustrated in monetary matters and defence. The worldwide economic crisis inevitably set limits on France's ambitions to pursue its independent way as one of the leaders of the medium-sized powers, as M. Giscard d'Estaing once described the country. It meant that it could have only a defensive policy in international monetary affairs and had to abandon its former rigid stand on gold fixed parity. Its position was so isolated that there was no longer any obvious political advantage in defending the one or the other.

Leftist critics at home argue that France has fallen into line over nuclear proliferation too, instead of standing up for its established policy, but that is to reckon without the increased risks inherent in the technological advances of the past few years. The matter came to a head a few months ago over the delivery of a retirement plant to Pakistan. It was revived even more acutely when President Carter, soon after his inauguration, banned rearmament and enrichment plans for the United States and its allies.

But President Giscard d'Estaing, acting in concert with the British and the Germans, succeeded in persuading the American President that France, with its almost complete dependence on imported sources of energy, could not afford to forgo the advantages of these new forms of technology. At the London conference, President Carter went a long way—though just how far is still not quite clear—towards acknowledging this.

There was a strong Gaullist ring about President Giscard's remarks at a press conference last January after the release of Mr. Abu Daoud, the Palestinian leader, that "France and its people have no lessons to receive from anyone". And that the campaign of denigration showed "some countries do not accept the independent policy of France". The remarks prompted comments in the French press that the President was moving away from his former "Atlanticism" towards a "national Europeanism" the general would not have disowned.

Last month, over Zaïre, the French President said in a television discussion that France was acting on its own account, and not on anyone else's. "Very often, in our national debates, the wish is expressed that we should have an independent policy. Here is one."

But the charge that M. Giscard d'Estaing has moved away from Gaullist principles is as untenable as the one that he has reversed to them. The fact is that, in the past three years, the world has changed; and France's place in it; and the balance of political forces within France; and French foreign policy has adapted accordingly. General de Gaulle, whose rigidity in doctrine went hand in hand with great pragmatism in practice, could not have done otherwise.

What is certain is that President Giscard would never have got anywhere with the old confrontation tactics of M. Michel Jobert, President Pompidou's last foreign minister. "The United States should realize that it will never find a more understanding government in Paris than the present one," another senior official said.

"French leaders have a much more intelligent and healthy view of relations with the United States than was the case in the past, without in any way surrendering on principle, especially on the fact that the interests of the European Community are essentially different from theirs."

These dispositions have helped to create a friendly working relationship with the new American President and Administration.

There will certainly be difficulties in the future, but the personal rapport established between the two presidents will ensure—and this is the strength of the Giscard approach—that they are never allowed to get really out of hand and to develop into real misunderstandings. This also goes for relations with Britain.

Defence is an even more sensitive issue, because the complete autonomy of the national nuclear deterrent is the touchstone of Gaullist orthodoxy; and because the left-wing opposition, unconfronted with the reality of the early days of the Fifth Republic, has more recently come to regard it as a useful and popular stick with which to beat the Government. The President's view is that the unquestionable

military value of the French deterrent, and its diversification—allowing a more flexible policy than de Gaulle's "all or nothing"—based on defence of the French national sanctuary.

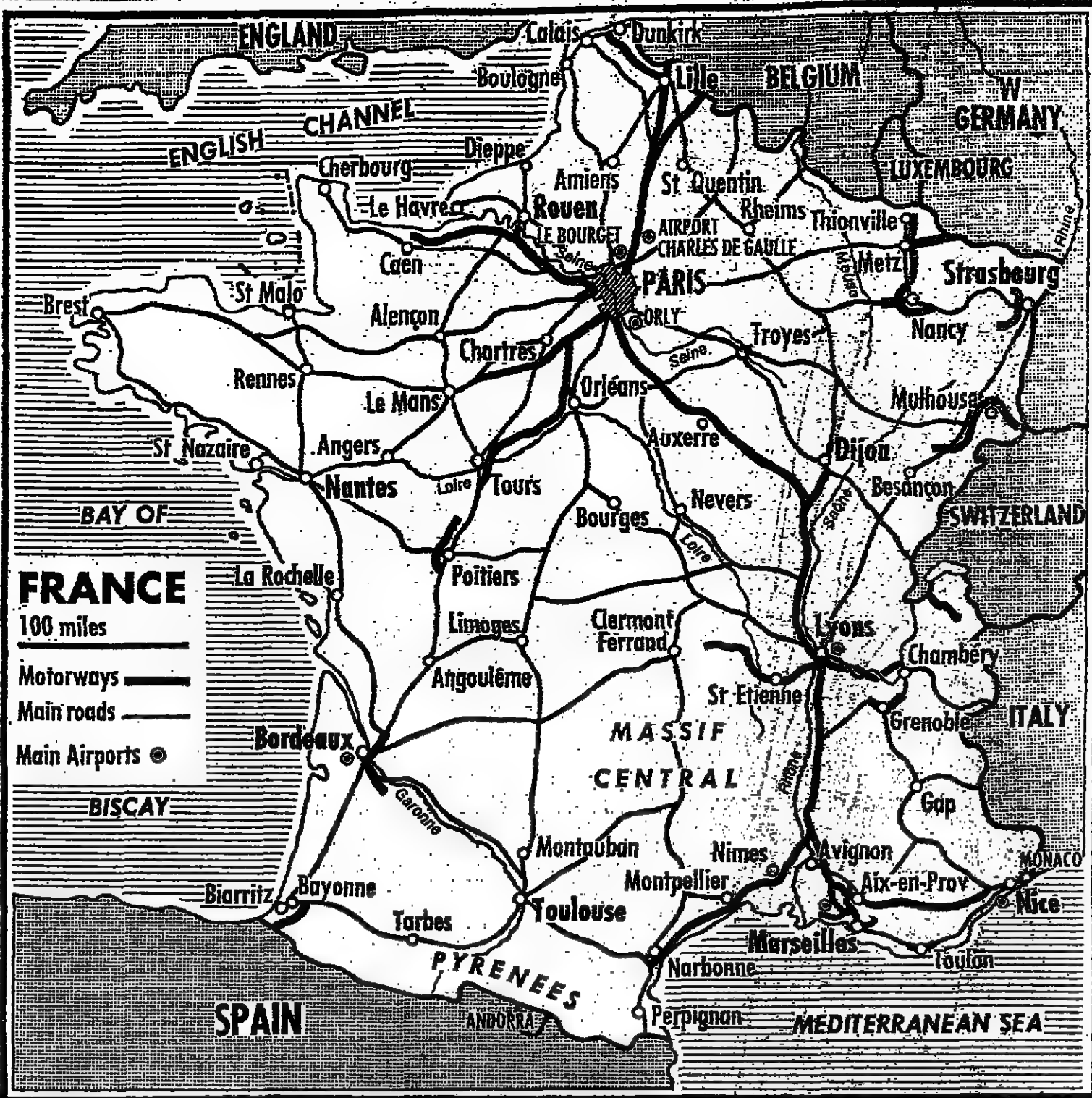
While the idea is gaining ground that the French deterrent should make its contribution to the defence of Europe, it is not ruled out that French forces should intervene before the national sanctuary is threatened.

But there is no question, as has been suggested by the Gaullist and communist critics of the President, that they would be committed to the defence of a section of the West German front in peacetime, or that France was edging its way backwards into Nato by surrendering freedom of decision to the use of the deterrent.

The President's "national Europeanism", his belief in the need for a stable, strong, united Europe, allied to the United States but autonomous, is not a concession to Gaullist sentiment, but springs from the genuine conviction that it is essential for the defence of a system of values, and is the best way of serving the interests of the free world.

The European Council, which sprang from his own initiative of December, 1975, is proving a reasonably effective instrument. It must be added, in his view, by the direct election of the European Parliament.

The contours of the President's foreign policy have become more precise. Its objectives are reasonable and attainable. Its execution, in spite of a few errors, such as the offer to dispatch a peacekeeping force to Lebanon last year, is coherent and consistent, with just enough opportunism to appeal to the Gaullist streak in all Frenchmen.



## Power over Paris now municipal

by Anne Sington

When the administration of a major western capital is taken out of the hands of the central government and transferred outright to those of an elected municipality—as happened at the end of March to Paris—it may not be immediately apparent precisely how the change will affect on the one hand the city's relationship with the state, and on the other the lives of its inhabitants.

An unchanging tenet of every regime (monarchy, empire, republic) has been that Paris, an immortal hub of anti-authoritarian ideas, should be kept on a short leash held by the central government.

Formerly run by a prefect responsible to the Minister of the Interior and able to override, or refrain from consulting, the elected city council, the elected city council, the prefect has not yet completed its first three months of administration by an elected mayor leading a better than six to four majority of the 109 municipal councillors. At the same time, it has remained like the country's 104 other departments headed by a departmental prefect who exercises the authority of the state.

Passed in the last days of 1975, the law changing the city's statutes was surprisingly vague on certain aspects of the division of responsibility between city and state. In the words of one civil servant employed by the prefecture when it ran Paris, "they expected they would be bargaining among friends when it came to applying the law".

Reform that favoured main rival

President Giscard d'Estaing could not have guessed when he undertook the reform that it would turn into an instrument to put power into the hands of his main political rival within his own ranks, at that time his prime minister. M. Jacques Chirac's first act, on his election as mayor, was to demonstrate his political clout by wresting from the prefect responsibility for *Assistance Publique*, which runs the capital's hospitals and allied welfare services and which had not been specifically allocated to either side.

In doing so, he increased at a blow by 33,000 the number of employees under his direct control, already amounting to 30,000. The prefect has a staff of only 500. The Prefect of Police (a function peculiar to Paris where the mayor, unlike those of other communes, is not responsible for public order) has a complement of 13,000 administrative staff and 22,000 members of the national police force. M. Chirac nevertheless started as he meant to go on, by announcing that he



M. Jacques Chirac, former Prime Minister, is elected the first mayor of Paris for 106 years.

regarded himself as personally responsible for the security of the population. He extracted from the Government an undertaking that he would be closely associated with future police planning. His sumo on this point is symptomatic of the chief way in which the city's new status is going to make itself felt on its inhabitants.

Notably lacking under the former system was the sense of personal responsibility on the part both of the city's administrators and of its population. The prefect's loyalties were for the Government of which he was the representative. Unable by electoral means to influence the life of the city, the inhabitants, with the exception of a few local or special interest pressure groups, had lost interest.

Anyone elected as the capital's first mayor would have to reflect this psychological advantage. In the case of M. Chirac, who on the national level has distanced himself from President and Government, this new feeling of participation is arguably stronger than it would have been had the President's man, M. Michel d'Ornano, been elected.

That is true not only for the new mayor's supporters but also, paradoxically, for his opponents. The Socialists and Communists, whose 40 seats on the municipal council have not, in M. Chirac's eyes, entitled them to a share in running the city, may comfort themselves with the reflection that municipal power is now at least a reality. If at present denied them, it is a legitimate ambition for the future.

The same cold comfort applies to the 20 *arrondissement* committees set up by the new law to involve the quarters more closely with the capital's administration. M. le Maire, who seems bent on keeping Paris on at eight a rein as ever the Government did, has decided that their members shall be appointed, not elected. In response to the emergence during the municipal election campaign of a strong environmental current of feeling, he has, however, named one ecological, or "green", member on each committee. The same considerations will prevent him from acting

## Voters desert Gaullist reality for left-wing drama

continued from previous page

to which only by the fact that the Gaullist reality, as it were, has been replaced by a left-wing drama. The Gaullist reality, as it were, has been replaced by a left-wing drama. The Gaullist reality, as it were, has been replaced by a left-wing drama.

Disapproval and alarm in Gaullist ranks, and even beyond over a government and a policy which did not measure up to the challenge came to a head in the vote of confidence on the "action programme" at the end of April. The Gaullist *rassemblement* of M. Chirac, for the first time under the Fifth Republic, gave the Government strictly conditional approval and warned M. Chirac that in future, if he would judge his action on merits.

This marks a turning point in the history of the regime and has even been described as the "beginning of its end". But both President and Prime Minister have chosen to ignore the lessons of the majority, and the Government's majority is

possible only by the fact that the Gaullist reality, as it were, has been replaced by a left-wing drama. The Gaullist reality, as it were, has been replaced by a left-wing drama. The Gaullist reality, as it were, has been replaced by a left-wing drama.

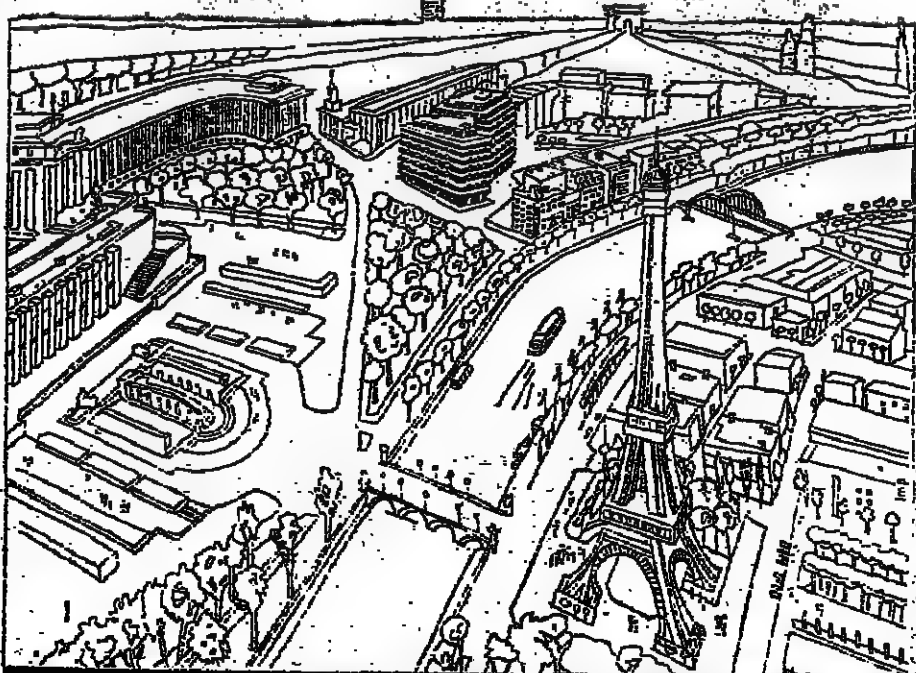
He would then make way, perhaps in the autumn, for the fighting Government of public safety, which the Gaullists consider essential to win the elections. Other words these will be lost, and M. Chirac, as Leader of the Opposition, will prepare himself to take over when the experiment of the left has ended in chaos and disaster, at the last moment, from the beginning of its end. But both President and Prime Minister have chosen to ignore the lessons of the majority, and the Government's majority is

The Gaullist reality, as it were, has been replaced by a left-wing drama. The Gaullist reality, as it were, has been replaced by a left-wing drama. The Gaullist reality, as it were, has been replaced by a left-wing drama.

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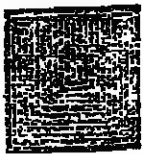
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by Paul Ellman

Whatever the outcome of next March's crucial legislative elections, few deny that they will be fought out on the battlefield of the economy.

On one side, the Socialists and their Communist allies in the Union de la Gauche are hoping that the disturbingly high level of unemployment will maintain the impetus in their favour apparent in the March local elections. On the right, President Giscard d'Estaing's favored majority is counting on the economic recovery programmes developed by M. Raymond Barre, the Prime Minister, to save it from defeat.

Although by the standards of British economic failure France's present difficulties may appear to be the problems of too much success—it is sobering to recall that 15 years ago the British gross national product was twice that of France while today it is two-thirds—less sanguine local commentators have begun giving warnings.

One important reason for

## Economy will be main battlefield

this is, and for once the cliché has more than a ring of truth about it, that the French economy appears to have reached a crossroads, a mood reflected in the nervousness of the Paris Bourse where there has been a sharp decline in confidence made all the more disquieting by the fact that sellers have not discriminated between stocks of companies which are palpably doing well and those which might legitimately be described as in difficulty.

The political uncertainties created by the prospect of left-wing government next year have also had their effect on investment, which has been static since the middle of 1976 when the French recovery showed signs of drawing to a halt. At another level, this decline in confidence is accompanied by the traditional signs of French middle class malaise with increasing numbers of Frenchmen taking steps to secure their personal savings in the vaults of Swiss banks.

M. Barre has pinned his political future, and that of the majority as a whole, on measures designed to restore confidence in the economy. As befits a figure whom the majority likes to describe as France's leading economist, the measures adopted show an intellectual coherence and tough-mindedness which have been foreign to so much British policy-making. Yet, so finely tuned are they that they will require an extra element of political self-assurance if they are to convince a sceptical electorate.

The Plan Barre, as the measures announced last September have come to be known, and the Plan Barre Bis, announced in April together, constitute a precise plan which leaves little room for manoeuvre if the situation starts getting out of hand. Indeed, the Prime Minister, who likes to appeal to what he describes as the basic common sense of the French as an adult people, has resolutely refused to be deflected from the targets he set last September.

Put baldly, the targets include restoring the trade balance if not to surplus at least to equilibrium, reducing inflation to a rate of 5 per cent by the end of this year, and reestablishing confidence in the franc, which

has been hovering uneasily between the cluster of strong West European currencies like the Deutsche mark and the guilder and the weak ones like the lira and the pound.

To this effect, in September M. Barre imposed a three-month freeze on consumer prices and blocked public sector charges until April 1, trimmed value added tax from its middle range of 20 per cent to 17.6 per cent and announced that wages would no longer be allowed to increase automatically with the cost of living during 1977.

The Prime Minister also imposed company and individual taxation increases and credits curbs and claimed that the money supply would not be allowed to go up by more than 12.5 per cent, the expected size of the increase in gross domestic product this year in value terms.

The measures have allowed the Prime Minister to claim some modest success with inflation dropping progressively from the 12 per cent rate at the beginning of last year through the 9.5 per cent achieved at year's end to a present level of 8.5 per cent. However, lifted, there are signs of a new inflationary spurt and it remains at best a moot point whether France will achieve the hoped for 6.5 per cent inflation rate by the end of 1977.

A certain success has also appeared concerning the trade deficit, allowing M. Barre to score a point over M. François Mitterrand, the Socialist leader, by announcing that the deficit for last month had dropped to less than 400m francs, a long way indeed from September's staggering 804,000m franc deficit.

Nevertheless, last month's figures pointed to a fall in exports, confirming that while industrial production has remained steady, exports have not been easy to find.

M. Barre's short-term achievements have been obtained without an attack on some of France's underlying structural problems of inferior productivity, which has remained steady, outlets have not been easy to find.

Two unions' inveterate hostility has quietened recently, partly under the influence of the political union of the left. There is now more frequent joint action, as last week, and the CGT, in alliance with the CFTD, is seeking to conciliate its partners on the left, has moved a little closer to CFTD policy on such matters as worker-management.

But suspicions remain, as M. Michel Rolant, CFTD national secretary, told me: "The CGT over-emphasizes the political motive in strikes, and the importance of electoral victory: we believe that the struggle for better wages, conditions and worker status is separate from the political battle and must be waged against any government. This could lead to new rifts between us."

For Ouvrière, a fairly close to the moderate wing of the Socialist Party, and its main support is among white-collar workers and public employees, but the other big unions' heartlands are in industry.

### Regular dialogue with government

Unlike the others, FO has long believed in a regular dialogue of conciliation with government and patronal, and claims—fairly—that this has brought dividends. Only last month its leader, M. André Bergeron, went to see M. Barre, the Prime Minister, as M. Seguy refuses to do. However, the Plan Barre's near wage-freeze since September has for the time being destroyed the reason for FO's policy, for there is no longer scope for bargaining.

In face of growing anger at the Plan Barre, the FO has been obliged to change its tack, or risk losing support. Hence last week, for the first time in eight years, it joined in a general strike with the CGT. But it remains fiercely anti-Communist, and its ideology is reformist, not revolutionary.

Yet one paradox underlying all French unions is that they are much more militant on paper, in their manifestos and street slogans, than in daily practice on the shop floor. Unlike the German

called for "more thoroughgoing reforms" in its latest report on the French economy.

One reason that M. Barre cannot address himself to the restructuring of French industry is the labour-shedding that this would involve. Already unemployment is running at the one million level, a figure expected to grow by at least 200,000 when this summer's crop of 650,000 school-leavers comes on to the job market.

The apparently intractable nature of the unemployment problem has produced an unusual "fish degree" of unity among the country's trade unions, with all three of the major groupings, the Communist-led CGT, the Socialist CFTD and the moderate FO, joining to stage the strike on May 24 against government policy.

At the core of the measures last November was steps to stem the growth in unemployment, including incentives to employers to hire more young workers (half the total unemployed) by exempting them from social security contributions for a year, the creation of 20,000 public sector jobs, a boost in public investment, and a 5,000-franc bonus for young people who found work abroad. The Prime Minister also announced that talks would be held to find a formula which would encourage elderly workers to take their retirement earlier.

Overall, the Government now appears to have reconciled itself to the fact that the economy will not grow by more than the figure forecast by the OECD of 3 per cent this year, compared with the 5 per cent achieved last year and the 4.6 per cent originally expected this year.

M. Barre nevertheless continues to adhere to the belief that sound economic management will succeed in the end and that French voters by next spring will be able to contrast the tangible benefits of stability with the remedies offered by the left. In this he can only be helped by the closure by the Communists that they estimate the cost of pushing through the measures contained in the plan for 1977 at 340,000m francs, much of it to be drawn from higher

## Unions anxious to avoid lengthy strikes

by John Ardagh

have a religious affiliation, although many leading members may be leftish Catholics. It is much less tight-knit than the CGT and sometimes has trouble with its anarchic collaboration with it. It is longer-term incomes policies or co-management schemes, which the CGT views dubiously.

Hence the storm that poured last year on the Giscard proposals for a modified *Mittelstand*. Hence, too, their refusal to raise the collective wage, agreements of the early 1970s (which anyway have been made obsolete by rapid inflation). Under the present regime, as last week, and the CGT, in alliance with the CFTD, is seeking to conciliate its partners on the left, has moved a little closer to CFTD policy on such matters as worker-management.

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Yet one paradox underlying all French unions is that they are much more militant on paper, in their manifestos and street slogans, than in daily practice on the shop floor. Unlike the German

unions or the milder British ones, CGT and CFTD are committed to a drastic re-modelling of society and are not prepared in the meantime to "share up" a moribund capitalist system by collaborating with it.

Union leaders know well that the Government is in a mood that an all-out campaign of wage strikes against the Plan Barre, as opposed to co-management schemes, could well bring quick results. But the longer political effects could be fatal.

In Britain, the miners' union may have unseated Mr Heath, but the French left is haunted by the reverse precedent of May-June 1968 when mass strikes provoked the backlash of a Gaullist electoral landslide. The left today would seem to be as well placed regarding elections that it has every reason not to rock the boat.

What if the left wins next year? Officials of all unions emphasize their fear that workers may expect instant E.D. Giscard, the fulfilment of all their dreams, but this could lead to disappointment and backlash.

"A CGT leader told me: 'We will have inherited a financial and economic mess from Barre, there will be no immediate paradise, and we will have to explain this to the comrades and pay them to be patient. But there are some things the left can do immediately, as cutting off its good faith, such as raising the minimum wage, bringing in retirement at 60, and clobbering the rich.'"

M. Rolant saw a government element: "Our CFTD is apolitical, and even under a left government we will continue our struggle for narrower differentials, worker-management, and so on. We hope that for these things we will be able to sign a social contract with a left government. But we shall not let ourselves be lulled by the CGT. If its masters are in the government, we will be far more docile than us."

There lies the important question. How would the CGT behave? An FO leader said he feared that the CGT might seek to impose a dictatorship of calm on the factories, by almost military means, in order to help the left to govern, and this could limit the free action of the other unions and perhaps lead to violence. "We would have exchanged a right-wing tyranny for one of the left."

A commoner fear is of the reverse happening: if the Socialists and Communists were to fall out with each other, the PCF might be tempted to mobilize its "extra-parliamentary arm" where its great strength lies, that is, send the CGT out into mass demonstrations and factory seizures—and we should have a new 1968.

## New flats, old values

by Margot Lyon

France has adapted to change but, as a deeply traditional society, clings to its roots. In the 38,000 communes where most French people live, social life has stayed closer to Balzac than to Pigele.

Of course, the country towns have their new blocks of flats filled with consumer goods, small town streets are sprinkled with new shopfronts and even supermarkets. But the French who live in the new flats among the throwaway plastic have kept the solid sense of prudence, tenacity and family cohesion they inherited from their rural forebears.

The French family remains a tightly knit unit in a way that the British lost in the last century. Most middle class children attend the local lycée. If they go on to university it will be in the same area, and, like most young French people, they will complain if they finally have to move away to find a job.

On this stable social basis France has superimposed an impressive technological achievement, whose impact the French have so far digested and absorbed. Certainly the people are experiencing problems of adjustment, but only pessimists see a breakdown of society. The picture looks much more like a crisis of growth.

It was to these people that President Giscard spoke when he published his *Démocratie Française* last autumn. The book is a plea for reason and moderation, a promise of progress without upheaval, change without convulsion.

His message was that the sheer speed of contemporary life, the rapid growth of cities and of industrial firms must not exact too high a price. He wanted our that change brought progress in education and welfare and could bring more benefit without any "dramatic rupture with the past". The scale of modern life, he said, must be kept to human dimensions and be made to serve social cohesion.

The book brought speakers from the President's point of view, by sold well through the country. Only a few, however, young women, the opinion polls showed, continued to read the book after marriage. Though it obviously their voices heard, the French have not been so far from the French family tradition, which he had never ditched. The same was true of his fight picture of a passive revolution, the main reformer control from the top for which he has been in the French the directly responsible have clearly, since it is concerned contraception and abortion, which he legalized, *prelèvement*, which he made optional. M. Giscard's

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None of the three, the per cent of the French vanquished social taboos by baptizing and the old traditions. The past still accepted is frowned on, and in small French society, especially women, often cannot bring a priest to find a doctor willing to perform an abortion, even if it is less obedient to the church. The church is in some disarray, but Vicky years, have ended. The religious flourish.

Some churchmen have criticized the nuclear bomb. Clergy side with workers in industrial disputes. When France demonstrated against police harassment some months ago, they took refuge in the churches.

Soon after the President's book appeared, Alain Peyrefitte published *Le Mal Français*, which, unlike *Démocratie Française* is still a best-seller, plays up a theme that President Giscard has never fully attacked during his term as France Minister and President.

The French, at least, according to M. Peyrefitte, the authoritarian dogma of its centralized bureaucracy, which stifles and paralyzes all initiatives that do not come from itself. The population, he says, passively accepts the state of affairs, which has become more dirigiste, and the people become so accustomed to their life from lethargy to inaction.

The French are not only over-governed but badly governed, he says. The bureaucracy is slow, inefficient, and its identity with insistence, demand right to be different, develop their own lifestyle. But in its past role of grubbing for acquiescence, they want to regional movement to participate. A recent poll French wish to show that the chief social hold on to tradition

Pressure has usually been sponsored, only have they begun to their own right. In spill town of Evry, Paris, new recently pensioners children's playgrounds, now assumed, wrongly demand must be left.

Not have the looked much at it so far, as a society. No weekly social exists in most social examination, except in the French are not only over-governed but badly governed, he says. The bureaucracy is slow, inefficient, and its identity with insistence, demand right to be different, develop their own lifestyle. But in its past role of grubbing for acquiescence, they want to regional movement to participate. A recent poll French wish to show that the chief social hold on to tradition

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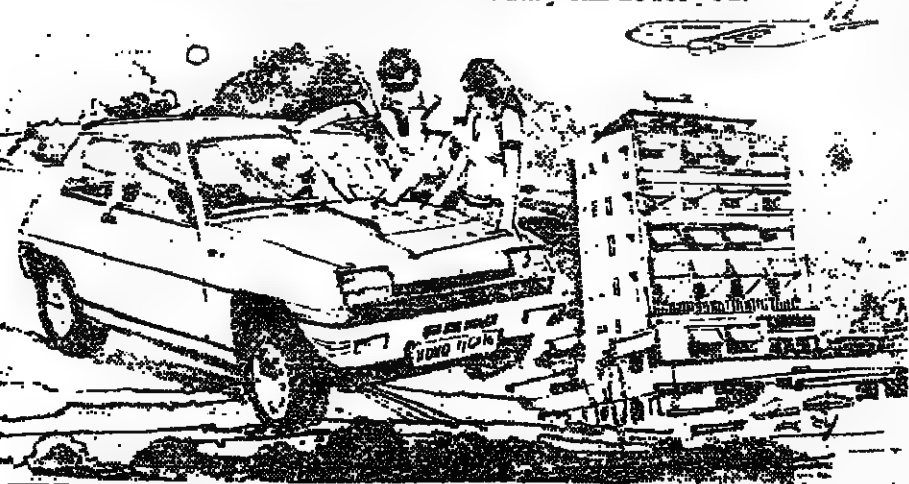
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## Prosperous farmer and smallholder united in love of land

Leigh

Agriculture gets top priority in the French mind. It is considered a national asset, and has been known to provoke political controversy.

Souplet and Lucien are typical of the small farmers making 900,000 francs a year.

Three quarters of the French population are engaged in agriculture, and the French government is committed to the sector.

Michel Souplet, 50, is a farmer in the Paris region. He has 145 hectares of land, including 100 of which are in the Paris region. He is a member of the French Agricultural Union.

Lucien Langlois, 45, is a smallholder in the Paris region. He has 25 hectares of land, including 10 of which are in the Paris region. He is a member of the French Agricultural Union.

As Michel Souplet's responsibilities in these organizations increased, so did his farm. He has now 145 hectares, including 100 of which are in the Paris region. He is a member of the French Agricultural Union.

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Souplet, right, is one of the big, rich farmers who live more like technocrats than the British stereotype of the French peasant. Lucien Langlois and his wife, Yolande, who work rented hectares without help, conform to the more traditional image.

## Banks' conservatism skin deep

A cheque at a bank is rather like a Russian. The customer has to wait a long time before the cheque is cashed. The bank is slow-moving and unresponsive. The customer has to wait a long time before the cheque is cashed. The bank is slow-moving and unresponsive. The customer has to wait a long time before the cheque is cashed. The bank is slow-moving and unresponsive.

The impetus to achieve this status came from reforms initiated by M. Michel Debré during 1966-67, which resulted in the mass banking that is characteristic of the French system today.

The nationalized Banque Paribas, the Paris region's largest bank, ranks fourth in the world, while Crédit Lyonnais, also state-owned, occupies the seventh position, one above the Société Générale, the third of the big three banks which were nationalized by the first de Gaulle government after the Second World War.

So extensive have the banks' activities become in France over the past 10 years that the domestic market is now regarded as saturated. Part of the driving force towards this end was the legislation in 1968 which obliged companies to pay wages above 1,000 francs by cheque. With more and more wage-earners entering the market, the banks embarked on a period of intense competition, bringing branches to neighbourhoods which had previously been without banks.

Despite restrictions on credit and monetary growth imposed by the Prime Minister, M. Raymond Barre, as part of his economic recovery programme, French banks have generally produced good results for 1976.

Crédit Lyonnais, for example, increased its number of tills from 1,779 in 1965 to 2,445 in 1975. The growth was accompanied by a change in the pattern of banking, current accounts gradually overtaking deposit accounts as the most popular kind of account.

With the domestic market almost dried up, the French banks are looking abroad for most of their new business. Examples are the opening of Moscow branches by all three nationalized banks. BNP's announcement that it is opening up in Texas and the setting up of branches in The Gulf. Crédit Lyonnais has 55 overseas branches and profits from abroad last year totalled 70m francs out of a total profit of 287m francs.

This extends to the private sector where, among the most widely known names, the Compagnie Financière de Paris et des Pays-Bas (Paribas) increased its profits in 1976 by 5 per cent to 17m francs.

Nevertheless, French banks generally show less profit than their European counterparts. Last year's survey by The Banker, covering results for 1975, indicated that while BNP was the second biggest European bank for assets, it came only fifteenth in the profits table, while Crédit Lyonnais, fourth in the assets figures, was twenty-first for profits.

One significant area in which French banks seem to have freed themselves from the shackles of ancient custom is the Eurobond market, where Paribas was ranked sixth among managers and co-managers for 1976 issues, with Société Générale occupying ninth position and BNP and Crédit Lyonnais twelfth and fifteenth respectively.

But, while banking appears to have stood up rather better than most sectors of the French economy to the present decline in a long, dark shadow has been cast over it by the prospect of an election victory by the Socialist-Communist coalition near March.

The left is committed to extending nationalization to the entire privately owned banking and credit sector, which includes, apart from Paribas, such other important banks as Crédit Commercial de France, the Banque de l'Indochine and the Banque Rothschild.

The chairman of Crédit Commercial de France, M. Jean-Maxime Lévêque, summed up the mood at the bank's recent shareholders' meeting when he said fears of nationalization and the prospect of tighter controls were destroying confidence. He instanced the fall of CCF's share price to 93 francs while the total assets represented by each share were worth 275 francs.

## Taxing questions

son has the status of a political opportunist, with French politicians no less adept than their colleagues elsewhere at recognizing what is likely to cost them votes.

A principal consequence has been a tax system heavily weighted in favour of indirect taxation, with as a corollary a society which the OECD found to be the least equitable in terms of income distribution among its 24 members.

According to another recent study, carried out by the Brussels-based Management Centre Europe, France is clearly the place for British executives, feeling the pinch of their own tax system, to head for.

The study found that at the level where British executives started losing 50 per cent of their income in taxes, a salary of \$30,000 a year, their French counterparts were still hanging on to 81 per cent of their earnings. Even at the equivalent of \$100,000 a year, the French were way ahead of the rest of Europe, able to retain 72 per cent of their earnings, compared with the British 54 per cent.

On top of this the French Government has so far resisted the temptation to exploit the tax phenomenon known as fiscal drag to bolster up state revenues. Only 54 per cent of French wage earners are liable to income tax, either because their earnings are too low, or qualify or because they benefit from a myriad of special provisions, which some critics maintain have turned the whole system into a frauds' charter.

As a result income tax accounts for only 18 per cent of government revenues, compared with the 45 per cent provided by value-added tax alone, which is levied at three levels: extending from essential to luxury goods. Six per cent of total state tax is in the form of local taxes which have no relationship to earnings.

Perhaps unsurprisingly, the union of the left coalition between the Socialists and the Communists has promised speedy measures to iron out the inequalities of French society if it is returned at next March's general election.

Apart from making the tax system more just, the left, if elected, will also be bumping up rates of taxation to meet its promised increase in social security and other welfare benefits.

Among items eligible for early treatment is the much-discussed attempt to give France a capital gains tax, a proposal which foundered in the National Assembly during the winter.

The proposal, which was personally backed by President Giscard, was finally shelved for a year after encountering opposition from the orthodox Gaullists led by M. Jacques Chirac.

In its original form the tax also came in for severe criticism by the left because of the large number of activities, notably agricultural and professional, which escaped its provisions.

Any capital gains tax introduced by the left is expected to be much more wide-ranging. That accounts at least in part for the present gloomy state of the stock and property markets in France.

That mood of pessimism might be said to affect only a small group of people who are unlikely to vote for the left anyway. Nevertheless, given the historic resistance to tax increases, any government-determined to make radical changes faces a considerable battle on the public relations front among a people accustomed to the illusion of enjoying the right to decide what they do with their earnings.

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## Motor rivals in the market place cooperate in research

by Peter Waymark

The French motor industry may not have accelerated out of the economic recession as quickly as the German but after a bad patch in 1975, last year saw a healthy revival with car production touching the three million mark and new registrations at 1,860,000, at a record level.

Whether the industry can maintain, let alone improve upon, this performance in 1977 will depend on the sort of factors that are only too familiar this side of the Channel—the incidence of strikes and absenteeism, currency fluctuations and anti-inflation measures which in France, as in Britain, have raised both petrol prices and the road tax.

But French car manufacturers do have a number of built-in strengths which have enabled it to survive the oil crisis with little dislocation and should buttress it against the economic storms of the next few years. To begin with, the cars themselves are mostly small, practical and economical, are perfectly suited to present motoring conditions.

Second, the French motorist appears to have a greater loyalty to the home

product than his counterpart elsewhere, particularly in Britain and Italy. Although imports have been taking a steadily bigger share of the French market, a 22.7 per cent penetration last year is modest against the British figure of 38 per cent.

The other side of the coin is that French cars are more readily available. The industry is by no means free of strikes, from which Renault, the biggest manufacturer, has probably suffered more than the rest. But production does run much nearer to target than in Britain, enabling showrooms to offer reasonable delivery.

The French manufacturers have also achieved strength through co-operation. Renault and Peugeot are rivals in the market place but this has not stopped them working together on research and development and they have shared the cost of expensive items such as engines and gearboxes. Examples are the V6 engine which powers the Peugeot 604 and Renault 30 and the small alloy unit used in the Peugeot 104 and Renault 14.

Peugeot, in turn, controls Citroën, bringing financial discipline to a company that has produced some of the most brilliant postwar cars but often hovered on the edge of bankruptcy. But for the Peugeot merger, Citroën might well have perished in the oil crisis but it ended 1976 with a 26 per cent increase in turnover and its first profit for three years.

Some might argue that Renault's position is made secure by state ownership. It is a proposition that has not been seriously tested for Renault has finished most years in profit and the state has had little need of inclination to intervene. Renault has used state money for investment but it is its own master.

The success of the company has been largely due to a shrewd appreciation of what the car buyer wants in terms of comfort and economy and a comprehensive coverage of the market. From being almost a one-model operation (with the Dauphine) in the 1950s, Renault has developed a complete range of cars. This gives it particular strength in export markets, for tastes tend to vary from country to country.

The introduction last year of the R14 small-medium hatchback brings the number of bodystyles to eight, a large number by current standards, though it is emphasized that the 14 will not replace any existing car. Renault's policy is to introduce new models to plug what it sees as gaps, while phasing out the older ones as they reach the end of their economic life.

Renault made nearly 1,400,000 cars last year and took a third of the French market. It also supplied France's best-selling models, the RS and R12. But as the company needs to work to 92 per cent capacity to break even this happy position is also a precarious one and a single big strike, such as the one in 1975 which lost 100,000 vehicles, can send the balance sheet into the red.

Peugeot-Citroën together produced Renault's output in 1976 and Citroën car production, at 657,000, was only a fraction below the record level of 1973. More important was the model mix. During the oil crisis sales of the big D series range, the principal money maker, fell off dramatically and Citroën had to fall back on the far less profitable small cars such as the 2CV and Dyane.

In 1974 the DS sold only 30,000 units but by last year its much-acclaimed successor, the CX, had more than doubled that figure and over the same period sales of the middle range GS rose from 170,000 to 330,000. Last year, too, Citroën strengthened the lower part of its range by introducing the Peugeot-bodied LN.

For years Peugeot has been a quietly successful part of the French and European motor industry, not as technically adventurous as Citroën or Renault but appealing to the discriminating car buyer with comfortable, high-quality cars. Last year saw record sales and important revisions, including the addition of a tailgate and a more powerful engine, to the 104. But the demise of the 404 has left a gap in the middle of the range and the aging 304 may find the going hard against the new breed of small/medium hatchbacks.

Since, the fourth and smallest of the French manufacturers, stands a little outside the general pattern of the industry since it is owned by the American multinational, Chrysler, and has to be considered in a European, if not a transatlantic, context. It has been Chrysler's most successful car in Europe and its annual capacity of about 550,000 cars is at least equal to that of the second largest British producer, Ford.

The Simca range is dominated by the European Car of the Year the 1307 known in Britain as the Chrysler Alpine. It is the most popular car in France after the Renault 5 and 12, and is likely to be joined next year by a new small front-wheel drive model which will also be built in the United States and Britain.

The author is Motoring Correspondent, The Times.

by Graham Tearse

Devolution, or rather decentralization, is a major concern of the French. The economic dependence of many regions upon Paris has inspired a growing protest, particularly and most naturally from those regions suffering from the distance between themselves and the capital.

However, the problem is by no means limited to the Breton or Corsican farmers; the major industrial centres of France, Lyons and Marseilles in the south and Lille in the north-east, lie at great distances from each other and the capital. The French communications systems, above all for commercial reasons, are in need of development. It is within the past few years that real efforts have begun.

In terms of transport, the link between Paris and the south-east is the scene of much change. The most revolutionary project is the new high-speed train that the French railway authority, the SNCF, is to put into service by 1982 between Paris and Lyons. The train, the TGV (train grande vitesse), will travel at some 160 mph and will cut journey times to Lyons, Marseilles and other towns on the southern line by about half. The south-east of France will come into easy reach of Paris by rail in times comparable to those by aircraft.

At present the line is a congested one, with the maximum number of trains (250) already running, unable to cope with the rising traffic. It is expected that 21,500,000 passengers will use the TGV in its first year, as opposed to 15,300,000 if the service remains on its present basis. The project, estimated to cost 3,600m francs (about £420m), has been justified by many arguments. Much play is made of its "democratic" nature; those unable to afford the aircraft will be able to enjoy a service which comes close to the same journey time. Of a total capacity of 382 seats, 274 will be second class, on the same tariff as other services.

Indeed, Air Inter, the French internal airline, counts on losing 1,525,000 of its annual passenger total on the south-east service to its new rival.

The TGV is seen also as playing a role in decelerating the growth rate of the French economy, and a significant stimulus for investment, particularly the Rhône-Alpes. Transport aside, by far the largest role played in the development of the region is that of the PTT, the French postal and telecommunications service. "France is divided in two: those waiting for a telephone, and those waiting for a connection," a much-quoted statement in France, is something of a joke.

The telephone remained, until the 1960s, a privilege of the few. In 1966, the number of private lines was three million. The recent campaign to improve the service has made some progress, bringing the figure to 3,500,000, twice that of just six years ago. It is estimated that by 1982, 19,300,000 private lines will be in service.

Now recognized as a priority, the development of the telephone is in full swing, with by far the highest growth rate in Europe. There is heavy demand, and the average national delay for a telephone is 10 months. Optimistic predictions put this figure at 15 days by 1982. On a world scale, France has seventeenth in the number of telephones per head, and the average national delay for a telephone is 10 months.

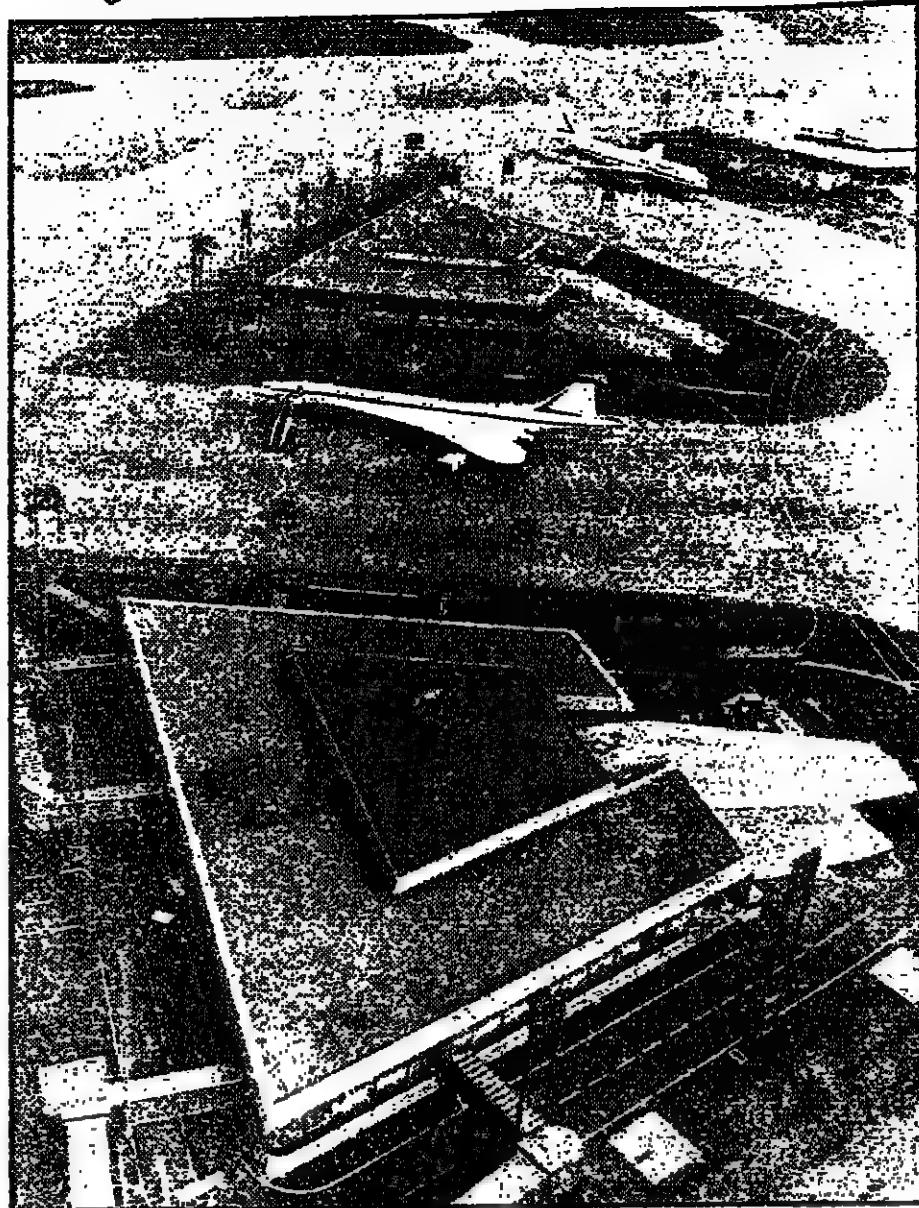
The other half of the PTT, the postal service, remains efficient. With an annual postal traffic of 22,000 million objects, 80 per cent of all letters arrive the following day; 96 per cent within two days.

The car, however, has its drawbacks in town, and a substantial increase in the number of passengers using public transport has led to the introduction of new schemes. In Lyons, Marseilles and Lille, Metro lines are being built, the first two opening next year. Lyons is bringing back tramsways.

The increasing mobility of the French has not escaped aviation. The improvement of facilities, in particular the enlarging of airports such as Lyons and Nice, is under way. Air Inter, however, the aviation industry is in a bad way. The recent Air France decision to replace its aging Caravelles with Boeing 737s has focused attention on the lack of investment in the civil domain.

Many of the industry's 107,000 workforce are in the hands of the final New York verdict on Concorde. With just nine of the 16 Concorde under construction having been ordered, the lack of adequate market research shows itself since the one current success is the European Airbus, a 270-seater with 56 buyers. Should Concorde fail to sell, the consequences for the French aviation industry will be serious.

## High-speed train will halve journey times



Concorde at the modern Charles de Gaulle airport near Paris—but the aviation industry is in a bad way.

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## Chemical firms confident despite poll risk

France's chemical industry is doing better than most other industrial sectors with the 1976 turnover of 86,000m francs (£10,000m) reaching the previous record level of 1974. Production, imports and exports were all well above the 1975 level.

The industry seems quietly optimistic about its prospects and the three firms listed for nationalization under the left's common programme, Pechiney, Ugin, Kuhlmann (PUK), Roussel Uclaf, and Rhône-Poulenc, affirm that prospects for the left-wing victory next March have in no way modified their investment plans.

Some parts of the industry are facing difficulties, such as the fertilizer sector. Hard hit by the combined impact of the drop in farm incomes, resulting from last year's drought and competition from low-priced East European and American imports,

the fertilizer industry made a loss of 600m francs in 1976, or nearly 40 per cent of its total turnover. The output of nitrogen and phosphate fertilizer barely reached 1972 levels, that of combined fertilizers those of 1968.

Those developments intensified efforts by the Government to regroup the six firms responsible for production. Earlier this month it was announced that the fertilizer activities of two state-owned companies, Charbonnages de France (CDF) and Pechiney Ugin Kuhlmann (PUK), would be merged. The new unit will account for about 36 per cent of sales of nitrogen fertilizer, and 16 per cent of sales of combined fertilizers.

Efforts to regroup in the private sector have not yet succeeded. Negotiations between the GASA (jointly owned by Rhône-Poulenc and PUK) with Cofaz (jointly owned by Paribas and the Compagnie Française des Pétroles) have been broken off. Government approval for a link-up recently agreed between Cofaz and the American company, Agrico, is still pending while there are further questions marks about how the two other private fertilizer producers, Gardiner (who has links with EMC) and La Grande Paroisse (a subsidiary of Air Liquide) could fit in.

Other products in the inorganic chemicals group such as caustic soda and sodium carbonate have, however, done much better in the past year than fertilizers. Petrochemical production has also recovered well with the 32 per cent increase in production of 1976 contrasted with the 24 per cent drop in 1975.

The bulk of French petrochemical production is concentrated in CDF Chimie, Naphtha Chimie (jointly owned by BP and Rhône-Poulenc) and ATO Chimie (a joint venture of the two state

oil companies, Elf Aquitaine and the Compagnie Française des Pétroles).

While it is felt that President Carter's decision to raise domestic oil prices in the United States will result in less intense competition from American petrochemical producers both inside France and in export markets, there is some fear that leading American oil companies may develop large-scale petrochemical activities next to their European refineries.

The impact of higher oil prices and the downward revision of growth forecasts in the next few years have led to a scaling down of plans to expand French ethylene production.

The only cracker now under construction is at Dunkirk, and is the result of a 60/40 venture of the state-owned CDF Chimie and the Qatar Petroleum Company. By 1978 French ethylene capacity will reach 2,700,000 tons, sufficient to meet expected demand.

Plastics have had a good year and manufacturers see good prospects for growth, even though tough anti-fire regulations have limited its use in buildings, while its use in food wrappings and as drink containers have blunted previous hopes of new markets.

The two chemical giants, Rhône-Poulenc and PUK, have continued efforts to rationalize their activities. Rhône-Poulenc, which lost 941m francs in 1975 and 564m francs in 1976, has announced that its loss-making synthetic fibre activity will be wound up and that various other production units will be sold off.

Two agreements signed by Rhône-Poulenc this year were a 6,000m franc deal with the Soviet Union, whereby the company would buy Russian petrochemicals in exchange for helping to install fertilizer and insecticide

factories in the Soviet Union. The other was a 2,000m franc deal with the Czech Republic, whereby the company would buy Czech petrochemicals in exchange for helping to install fertilizer and insecticide

## Steel may be a centre of industrial storm

by Vanya Walker-Leigh

Last Tuesday's general strike which paralysed France may prove to be the opening shot for increased industrial strife. And France's crisis-plagued steel industry may become the leading battleground.

At the end of last year, the steel industry asked the Government for a 3,000m francs (£360m) loan just to keep going for 1977, adding that it would need a total of 24,000m francs (£2,880m) between now and 1980 to modernize plants, scrap million tons of out-of-date capacity, improve loans and increase company working capital.

With a total capacity of 24 million tons, production last year was barely 13 million tons, compared with 27 million in 1974. In 1976, imports (eight million tons) actually exceeded exports (seven million tons) contrary to the usual pattern. In industry's productivity is lower than anywhere else in Europe—let alone Japan. Only 12.5 per cent of France's steel output is made by the continuous casting method, compared with 30 per cent for Japan.

What is more, the industry's accumulated debts stand at 33,000m francs or 104 per cent of its 1976 turnover (compared with 82 per cent for British and 16 per cent for German steel). Last year with a negative cash flow of 2,200m francs and debt service payments of 5,600m francs the industry had to borrow 2,200m francs just to keep afloat.

The steel federation blames most of all this on the Government—for imposing prices over the past 20 years far too low to permit substantial capital accumulation, thus forcing recourse to borrowing for investments, and for retarding job cuts needed to improve productivity. In addition, the impact of the recent recession, as well as increased unemployment competition from Japanese, Spanish and Third World steel, both on the French and the traditional export markets, has driven down sales, the federation claims.

But it now expects prices to rise between 1977 and 1980 by some 40 per cent as a result of the EEC anti-inflation measures and production to reach 26,500,000 tons in 1980. Instead, however, the industry would make a 1,600m franc profit in 1978—assuming it gets approval for its modernization plans, involving major cuts in jobs.

No commitment to sum given as aid

Over the past 10 years, the Government has lent 7,000m francs to the steel industry. This time it will not commit itself to any figure for aid, even though it does accept the inevitability of job reductions.

But it has told industry that job cuts must be negotiated with the unions, involving a minimum of outright dismissals, and a maximum of early retirements.

Only when the agreement is clinched will the Government "conclude" financing contracts with the three firms cutting jobs and needing state aid (Saclor, Usinor, which together account for two thirds of total production, and Châtillon-Commançourt, which produces 1,480,000 tons).

The contracts will be tough. They will involve strong commitments from the holding companies, Saclor and Usinor (Clif and Longwy) to pump funds into the two firms, evidence of bank credits, and pledges to invest in job creating projects in Lorraine and the north. Then, in exchange for government loans, the companies will be subject to

management to better

management to better

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Summary of Balance Sheet as at December 31st, 1976 from accounts submitted to the Shareholders' Meeting, held on May 26th, 1977.

| Assets                                                                   | FF. '000  | Liabilities                                        | FF. '000  |
|--------------------------------------------------------------------------|-----------|----------------------------------------------------|-----------|
| Due from banks, money market, treasury bills and other short-term assets | 3,909,095 | Deposits                                           | 7,866,396 |
| Advances to customers                                                    | 4,073,862 | Liability for acceptances                          | 330,389   |
| Customers' acceptances                                                   | 330,389   | Other liabilities incl. accruals, sundry creditors | 1,006,143 |
| Other assets incl. accruals, sundry debtors                              | 924,303   | Long-term debt                                     | 100,000   |
| Investments                                                              | 378,523   | Capital                                            | 171,140   |
| Fixed assets                                                             | 45,711    | Reserves and retained surplus                      | 139,748   |
|                                                                          |           | Net profit for the year after taxation             | 48,067    |
|                                                                          | 9,661,883 |                                                    | 9,661,883 |

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## Culture money may be easier promised than found

by John Ardagh

Paris is asking: what does Count Michel d'Ornano, Minister of Culture and the Environment, since March 20, know about culture? He lacks the obvious qualifications of most recent incumbents—from the godlike Malraux to Michel Guy, enlightened aesthete, and Mme Françoise Giroud, intellectual cliquish. Indeed, there is a rumour going round the Paris salons, and quoted by *Le Canard Enchaîné*, that the count and his victorious rival for the mayoralty of Paris, M. Jacques Chirac, do have one thing in common: they are both members of a "society of haters of classical music".

But M d'Ornano was an effective Minister of Industry; and what is more,

he is an intimate friend of President Giscard. So, whether or not he can learn to love Brahms, he might not be unsuited to tackling what will clearly be his major task: in a period of budgetary austerity, to secure the extra state funds needed to save France's expensive cultural arrangements from falling into decline.

During her brief period of office last winter Mme Giroud raised the alarm signal and is said to have persuaded President Giscard into promising a large budget increase for 1978. And the Prime Minister, M Raymond Barre, was patently shocked by the state of the Louvre on his visit in March, and said that culture would be one of the priorities in next year's budget. But, with other more demagogic priorities crowding in too, as the elections approach, it may

not prove easy to keep these promises.

The state's cultural budget for 1977, some 0.5 per cent of the total, is 1,565m francs, 13.5 per cent more than for 1976. This increase is a little above the inflation rate, but it does include one major new item: the 132m franc operational budget for the Centre Georges Pompidou, the mammoth 1,000m franc cultural complex opened in January at the Plateau Beaubourg in central Paris.

Whatever the pros and cons of its provocative draining architecture, Beaubourg—as it is called—is undoubtedly a success with the public. It is bursting at its metallic seams with 20,000 visitors a day; many simply come to gape, as at the Eiffel Tower in 1889, but many also come to make genuine use of the huge lending library, the superbly hung modern art collection, the numerous exhibitions, lectures and discussions, the exciting children's art-workshop, and the other amenities.

One inhabitant of this sleeky and over-congested part of Paris told me: "I'm not yet sure I like all those gaudy pipes. But Beaubourg really is succeeding in providing this area with a new social and cultural focus, as intended. It is re-creating the 'agora' that has been dying in our urban society". Until late each evening the wide piazza beside the centre teems with musicians, entertainers, soap-box orators, strollers, café-goers.

Splendid, but is not Beaubourg's big subsidy causing cuts elsewhere? The ministry denies it, at least as far as theatre and music are concerned. But there is evidence that funds for other museums, and for the restoring and upkeep of historical buildings, are being affected. Critics of Beaubourg point out that its modern art museum has as large a state subsidy as all the 31 other national museums together. Funds for these are not keeping pace with inflation, and because of staff cuts one third of the galleries at the Louvre and at Versailles have to be closed, in rotation.

The Louvre, plunged in semi-darkness some of the time, is in a pitiful state and plans for its modernization have been shelved, while the total state budget for new acquisitions for museums—5m francs for 1977, is only half that for the National Gallery alone. M Emmanuel de Margerie, director of the Musées de France, said recently: "The Centre Pompidou may be a marvellous international asset for France, but the other museums must have equal treatment". And after M Barre was shown round the Louvre in March, he admitted: "This is the richest, and yet the poorest, of any museum I know"—and promised to do something.

Another charge against the Beaubourg operation is that it is accentuating the recent trend towards cultural recentralization on Paris. In the 1960s Malraux, to his credit, made a genuine effort to decentralize, notably with his ambitious scheme for a network of *maisons de la culture*. These may not have been a total success, yet without doubt, thanks to Malraux and others, the provincial scene is far livelier than 20 years ago.

However, recent ministers, and notably M Michel Guy (1974-76), have switched the emphasis back to trying to arrest the decline in Paris's world reputation.

"We must seize back the cultural leadership from London and New York"—that has been the unstated policy, hence Beaubourg; hence the wooing of Bouleaux back to Paris, where he has just created a new chamber orchestra; hence the generous incentives given to world theatre leaders, such as Brook and Strehler, to work in Paris.

Hence, above all, the hiring in 1973 of M Rolf Liebermann as administrator of the Opéra, with a brief to revive that creaking old body. Through a policy of hiring at enormous fees the top world talent, and despite serious union unrest, M Liebermann has succeeded brilliantly, so that, surprisingly, the Palais Garnier can again hold up its head beside La Scala or Covent Garden.

In general the policy of promoting Paris elitist culture seems to have paid off. I would even dare suggest that, for a number of separate reasons, Paris is again well ahead of London as an international centre for the best music, theatre, art and cinema—and that was certainly not so 10 years ago. But what has been the price? Paris's share of the ministry's total budget is now 60 per cent, against 49 per cent in 1973. Three prestige bodies, the Opéra (138m francs), the Comédie Française (44m francs) and Beaubourg (132m francs), eat up nearly a quarter of the total working budget.

Not that the policy of helping the provinces has been given up. The 19 repertory companies with the status of national drama centres receive total subsidies of 51m francs, and under special contracts these rise by 25 per cent each year, thus proofing against inflation. Altogether the ministry aids some 200 professional drama groups, 150 of them based outside Paris.

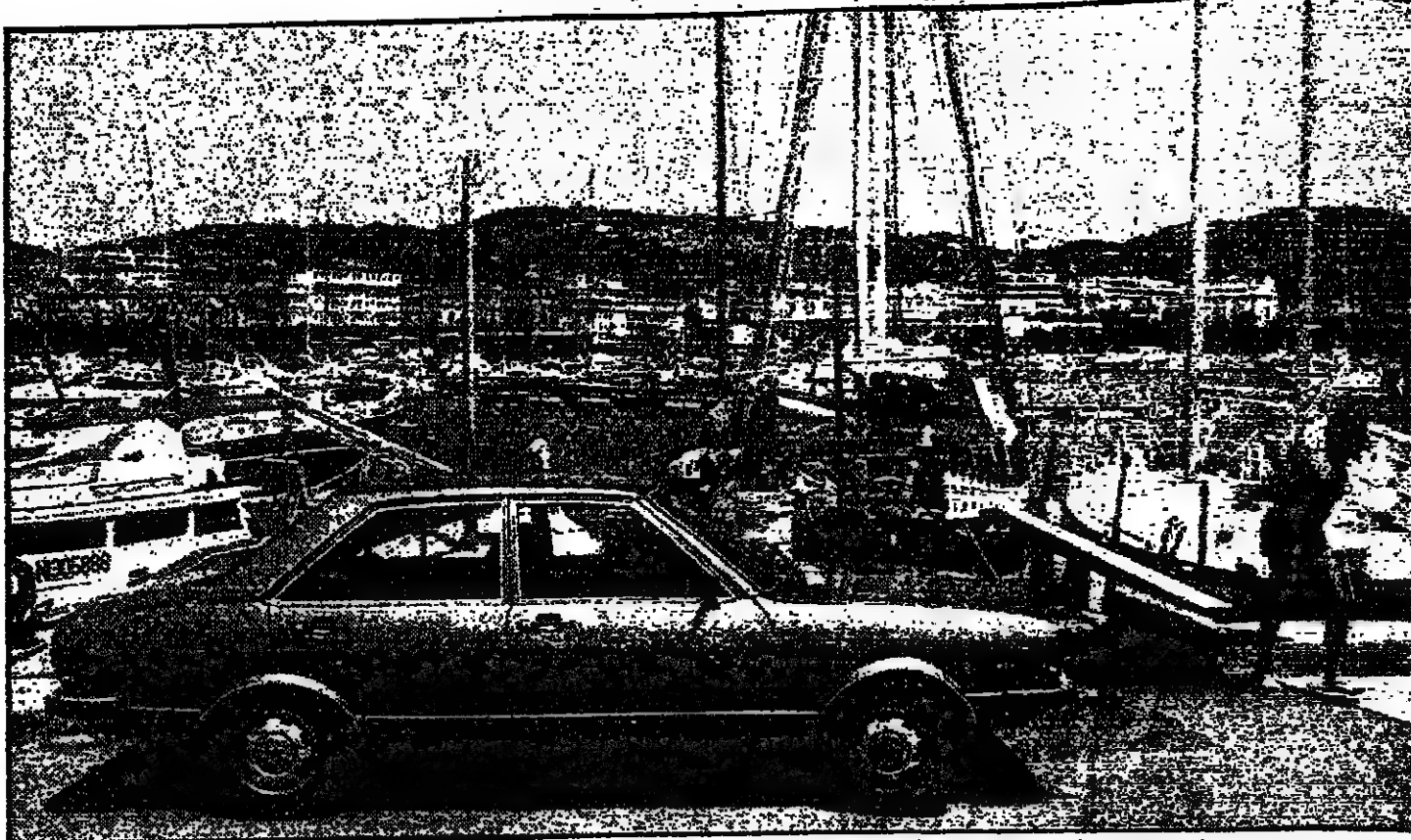
It has also been encouraging the recent remarkable revival of public interest in music. Malraux, who disliked music, once described the French as "unmusical" and did little to help this art. But since 1966 the state budget for music has risen from 11.5m francs to 212m francs; the number of annual music festivals is 140 against 43 in 1970; and seven new orchestras, most of them provincial, have been born since 1974. Concerts and operas all over France are often a sell-out.

But if in theatre and music the picture is bright, the *maisons de la culture* are still causing problems. The 10 or so great "cathedrals" built by Malraux are battling against soaring overheads and have had to cut their programmes. A few newer *maisons* are being built, of a much more modest kind, but the state is showing some reluctance to help to fund them.

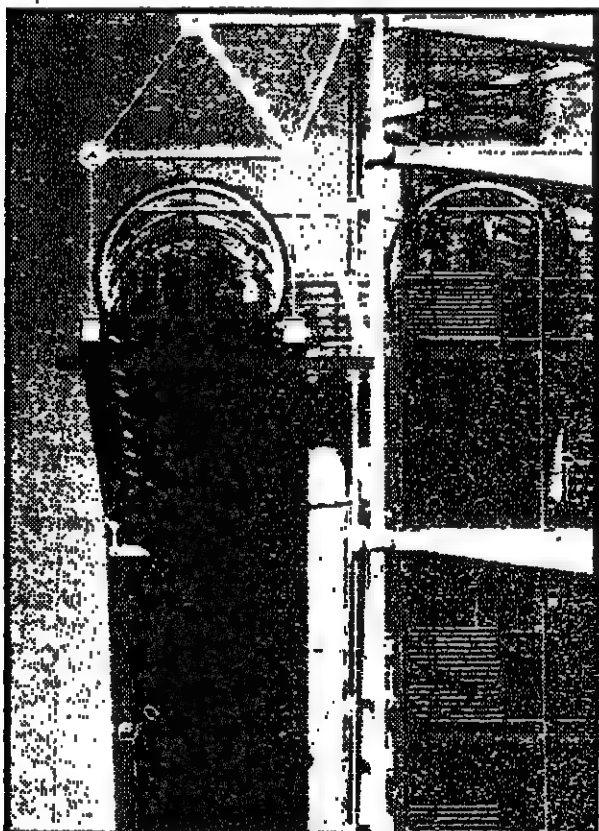
This is the situation facing M d'Ornano, who has not yet given much hint of his policy. Will he succeed in winning the funds that the museums so badly need? Will he continue to promote Paris as one might expect, or do more for the provinces, or try to do both?

We may have little time to provide answers to these questions before being swept away by a victory of the left. If that day comes, one can be sure that most of the actors, artists and *animateurs* scattered around France will raise a great cheer. But the left will then face the challenge of how to bring *la culture* to a working class every bit as suspicious of it and alienated from it as in Britain.

## The regional viewpoint



Yachts on the Côte d'Azur; demonstrating miners from Lorraine; trotting races at Vincennes; in the streets of central Lyons.



Above and top: the drainpipe architecture of the Centre Georges Pompidou in central Paris.

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Per contra a/c: L.L. 285,000,000

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Balance sheet at 31-12-76 (1st fiscal year):  
Total: F.Fr. 733,535,156.31  
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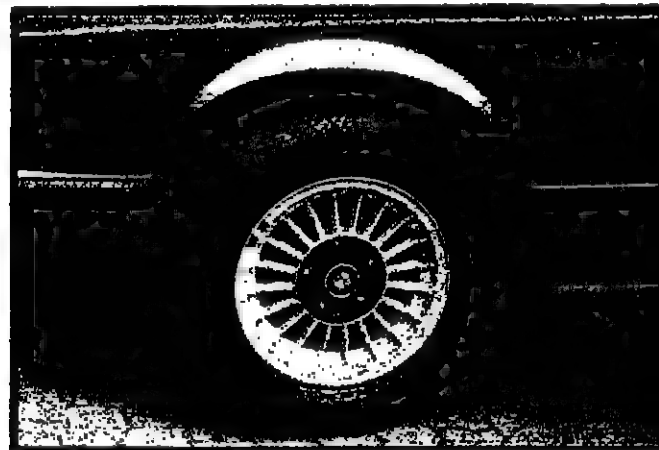
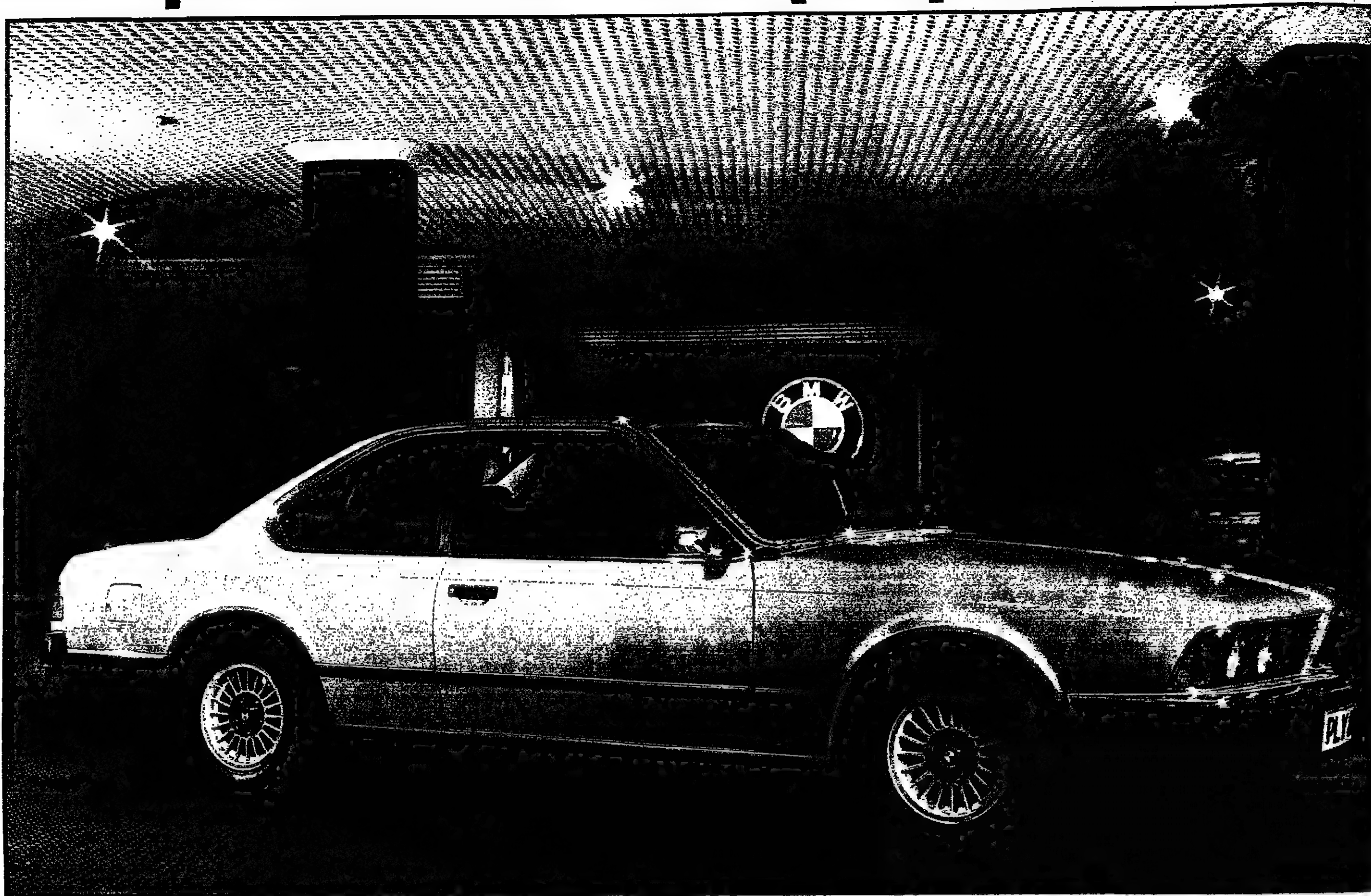
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legroom available in the back.

Detailed attention has been given to the driving position. As with the seat, the steering and pedal positions are adjustable. The control panel 'wraps around' the driver to give the quickest and easiest display and operation. All round visibility is excellent. The feeling the driver has is one of complete command of car and road—a feeling justified by the car's performance.

The balance of speed, handling and comfort is complemented with features like speed-related power steering, electric windows and mirror, tinted glass, head restraints and automatic or manual transmission as standard.

The Coupé also incorporates several highly sophisticated safety systems such as the

driver's safety check panel, where at the press of a button he can check on seven major safety functions of the car. If the worst should happen the Coupé will absorb impact energy in a pre-planned way to give maximum security.

However the main safety feature lies in the car's immediate and exceptional response to the driver. This gives more options in critical situations.

All these factors ensure that the Coupé succeeds in its ultimate purpose—to make every journey fast, safe and effortless to a degree never achieved before. They also make the Coupé one of the world's most pleasurable cars to drive.

So when you next see the BMW 633 Coupé, you might recall the old adage that nothing succeeds like success.

#### Specification Résumé For Manual Version.

BMW 633 CSi Coupé. Engine 3210cc, six cylinder, fuel injected producing 200bhp.

Performance: Maximum speed 134mph. 0-60 in 7.6 secs.

Petrol consumption: 26mpg (28mpg at constant 62mph).

#### Price.

£14,799 (Manual or automatic. Price correct at time of going to press)



## For the joy of motoring.

BMW Concessionaires GB Limited, 991 Great West Road, Brentford, Middlesex. 01-568 9155. Export, NATO and Diplomatic: 55 Park Lane, London W.1. 01-629 9277.







**City Offices**  
**Hampton & Sons**  
01-236 7831

ACCOUNT DAYS: Dealings Began, May 22. Dealings End, June 10. § Conango Day, June 13. Settlement Day, June 21.  
§ Forward bargains are permitted on two previous days.

## Stock Exchange Prices

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**THE TIMES**  
**BUSINESS NEWS**

[illegible]



# THE TIMES

## BUSINESS NEWS

### 100m Treasury follows market debut of floating bonds

Whatmore Correspondent

After first deal started in the Government floating rate gilt stock, the Bank of England announced yesterday that it was launching Treasury Stock along with conventional lines.

The Treasury 114 1981, is conventional issue that it carries a fixed coupon. It is issued in the sense only the third party to be issued.

The stock is £15 per cent on application. This is a call for a further 100 million pounds on July 7 and the 100 million pounds due on August 8. At the price of 104.25 per cent, the gross redemption yield is 12.5 per cent.

There had been speculation in the market that a new stock could be issued shortly, yesterday's announcement, coming so soon after the launch of the floating rate stock, took the gilt market by surprise.

The Bank's motives in launching the new stock are thought to be to provide a more liquid market for the floating rate stock, and to provide a more liquid market for the floating rate stock, and to provide a more liquid market for the floating rate stock.

### Udids move to control foreign banks

By Our Industrial Correspondent

Udids announced yesterday that it was moving to control foreign banks in the United Kingdom. The move is part of a wider campaign to control foreign banks in the United Kingdom.

The move is part of a wider campaign to control foreign banks in the United Kingdom. The move is part of a wider campaign to control foreign banks in the United Kingdom.

### Mr Vance accepts partnership in fund to regulate and expand commodities trade

### Rich nations put stress on energy agreement



Mr. Cyrus Vance, United States Secretary of State, commodity fund pledge.

From Melvyn Westlake

Paris, May 30

Negotiations in Paris between ministers from 27 of the world's rich and poor nations appeared to be running into difficulties last night.

The 19 representatives of the developing countries met until late in the evening to decide how to respond to concessions made by the rich northern states on the first day of the three-day ministerial session which will formally bring to a close the 18-month Conference on International Economic Cooperation.

The eight representatives of the industrial world have now made it clear that they are determined to force through an agreement before the conference closes on Wednesday for some form of continuing consultations on energy questions.

This was made clear in a speech delivered by Dr David Owen, the Foreign Secretary. He told delegates from the other nations gathered here that the rich participating nations were looking for a "consultative framework for energy".

The European Economic Community — on whose behalf Dr Owen was speaking — believes that it will be essential, and in the interests of consumers and producers of energy alike, that "we should reach agreement on this matter".

However, with only one exception, ministers from the developing countries chose not to speak in an attempt to settle their own differences, before adopting a conference strategy.

They have to decide whether to accept the proposals for extra aid from

the rich nations and promises of help in dealing with trade and debt problems, or risk provoking a fresh crisis in relations with the industrialized world.

What they have been offered is an extra \$1,000m (about £300m) immediately, with more money in the pipeline. They have also been told that the rich nations now formally endorse a so-called Common Fund to regulate trade in commodities.

Until now, only the European Community was totally committed to such a fund. But today, Mr Cyrus Vance, the United States Secretary of State, said in a set-piece speech: "We have agreed on the need for common action to moderate fluctuations in commodity prices, supply and earnings."

He said that America would work with other nations "to establish agreements between producers and consumers to stabilize the prices of individual commodities, wherever the nature of the commodity and the market permits".

The aim would be to create a common fund that was efficient and provided enough investment to develop new supplies of primary products adequate to meet the needs of an expanding world economy, Mr Vance said.

This endorsement of action to support commodity prices is of considerable significance, as the Americans were opposed on ideological grounds to any notion of intervention on the world commodity markets. The rich countries also now seem prepared to accept some regular increase in raw material prices to take account of world inflation.

In his speech, Mr Vance declared himself in favour of a "new international economic system". In that system there must be equity. There must be growth. But above all, there must be justice. His phrasing was remarkably reminiscent of the Third World's call for a "new international economic order".

Touching only briefly on the question of human rights for recipients of American aid, Mr Vance invited the richer communist countries to join with the capitalist nations of the West in helping the developing countries to overcome their development problems.

He committed the United States to paying \$375m as its share of the \$1,000m the rich countries are now offering the Third World.

Dr Owen echoed many of these sentiments. The problem of the world's poor countries could not be solved without the active and wholehearted participation of the wealthier countries, but he insisted that the unsolved topics would be pursued in other forums. However, the conference will be continued elsewhere or its work simply devolved on other existing international agencies.

The Americans hinted strongly that they would not be unhappy if the conference was resurrected. This was seen by some developing countries as an attempt of trying to keep talks going on energy.

Recognizing the desire of the industrialized nations for further energy talks, the Third World seems determined to force as much mileage as possible out of any concession that they might be forced to make.

### Safeguards in price code seen as inadequate by CBI and retailers

By Ronald Brier

Industry and commerce are dismayed at the "inadequacy" of the proposed safeguard clauses the Government intends to put into the revised price code after August.

A confidential memorandum from Mr Hastings, Secretary of State for Prices and Consumer Protection, outlining minimum levels of profitability, will be discussed at meetings, he is holding today with the Confederation of British Industry and the Retail Consortium.

Both bodies will tell him that his proposals fall far short of their expectations and that they can only harm industrial confidence.

It is expected that a consultative document will be published within a fortnight after exploratory discussions with representatives of commerce and industry.

However, the Government's plan to pressure firms to introduce a minimum margin of 3 per cent over total costs for any product or service, a blanket

minimum safeguard which would apply during and after a Price Commission special investigation.

During an investigation a company would be entitled to an interim increase to ensure a price yielding at least 80 per cent of the cost of production. The total costs obtained at the date of the last increase before May 31, 1977, known in the memorandum as the "base margin".

Also, if during an investigation an enterprise's last reported margin is below 3 per cent, the minimum safeguard will be raised to 100 per cent of the base margin.

After an investigation the safeguard falls to 50 per cent of the base margin, but any price increase allowed during the investigation will be subject to a restriction of profitability falling below 80 per cent of the base margin will not be rescinded.

The memorandum proposes that distributors will not be subject to restrictions during an investigation and that afterwards they will be allowed a

minimum net profit margin of 2 per cent of turnover. Those in the retail sector whose margins fall below 80 per cent of those in the last reported year would also be protected from the effects of a Price Commission recommendation.

It is being said in industrial circles that Mr Hastings, having been urged to move away from the rigidity of the present code, has gone to the other pole, giving no guidance whatsoever on what the Government regards as a proper and permissible level of profitability.

The CBI will press him strongly for guidance to be incorporated in the final document on what criteria will be used to trigger a price commission investigation.

Mr Hastings is exercising the Retail Consortium, whose director, Mr Richard Wier, said yesterday that there still appeared to be "a huge gap" between the Government and industry on what levels were needed.

Profits levy urged, page 20

### Opec considers plan to narrow oil price gap

By Our Industrial Correspondent

Members of the Organization of Petroleum Exporting Countries are assessing a compromise price plan which if approved will involve a price freeze for the rest of this year and narrow the gap between those countries which have decided to raise their oil prices by 10 per cent, and Saudi Arabia, which raised prices by only 5 per cent.

Under the original plan, the price "hike", including Iran, which increased prices by the highest figure were to lift prices by a further 5 per cent in July. But the compromise plan is being complicated by negotiations involving the three principal African members of Opec — Nigeria, Libya and Algeria.

According to the authoritative Petroleum Intelligence Weekly, the plan involves a price freeze for the rest of the year by the "upper tier" Opec members led by the Gulf States, in return for a "price stabilization" by the Saudis and the

Emirates to consider a gradual increase in their prices by the end of this year.

The three major African producers are under growing pressure to resolve price disparities between themselves. They will shortly start price negotiations for the third quarter of this year with producing companies and direct sales companies.

According to PIW, the three African producers support the upper-tier market price of \$12.70 a barrel, but each has set its own premiums for quality and freight.

Meanwhile, Saudi Arabia and Kuwait have reported an oil production increase in April. Iran, the other major producer of the Gulf, reported another sharp drop.

Figures released by the National Iranian Oil Company showed that production fell by roughly 850,000 barrels a day in April to 5,413,733.

Iranian production has been falling since the two-tier price dispute broke out in Opec last December.

### British Gas could gain \$30m in American deal to use its technology

By Roger Violette

Energy Correspondent

Technology developed in Britain for making synthetic natural gas from coal is being used for the first American energy project funded jointly by the United States Government and private enterprise.

The United States Energy Research and Development Administration (ERDA) has awarded a \$24m (about £14m) contract to Conoco, a subsidiary of Continental Oil, to design a coal gasification system, using technology developed by

the British Gas Corporation at the Westfield gas development centre in Fife, Scotland.

ERDA approves the design, which should be ready by next August, a \$250m demonstration plant, funded jointly by ERDA and private companies will be constructed in eastern Ohio, using local reserves of low grade coal. The plant will use 3,800 tons of coal a day to produce 60 million cubic feet of synthetic natural gas, enough to supply a community of 100,000 people.

British Gas, in partnership with a group of 15 United

States companies led by Conoco, has undertaken two programmes at Westfield to develop and improve the German Lurgi coal gasification process, so that it can produce a gas from coal that is comparable with natural gas.

Mr Ray Scharman, director of the British Gas Corporation's international consulting service, said the corporation would receive about £300,000 from the ERDA contract, which would finance the use of the Westfield plant.

If the Americans decide to adopt the technology on a large scale, the corporation might net

about \$30m in royalties over the next 25 years, he said.

Although Britain had ample supplies of natural gas, Mr Scharman said it was important that British Gas retained an interest in developing the technology for coal gasification in preparation for the time when gas supplies from the North Sea began to run out.

The Westfield facilities were visited yesterday by a delegation from the United States House of Representatives in science and technology committee, which is responsible for ERDA. Mr Dale Milford, chair-

man of the committee, said the United States had over 200 years of coal reserves, so gasification of coal on a large scale could make sense.

Britain's acknowledged lead in gasification technology stems from the research programme undertaken in the 1950s and 1960s in the days before the advent of natural gas from the North Sea. Westfield was chosen as the centre for coal gasification development in 1973 as it was then the only commercial plant in Europe still making gas from coal.

### W director for Peachey

William Harris, senior of Redwell & Harris, chairman of the Kenwood Group, has joined the firm of Peachey Property

He favoured the appointment of a director to give additional expertise to the board, as well as the appointment of a full-time chief executive.

Sir William added that Peachey had suffered for some time from a lack of control. Interviews are being held for a prospective chief executive.

Business appointments, page 22



Sir William Harris

### £50m Bank Line order for Sunderland Shipbuilders

By Peter Hill

State-owned Sunderland Shipbuilders was given a £50 million order yesterday, with orders from a leading British shipping company for six cargo liners.

The order will provide much needed work for the group and extend the company's order book to the first half of 1979.

The orders were placed by Andrew Beckett Shipping Company, a subsidiary of the group's subsidiary, Bank Line; they will give the Government cause for some satisfaction.

Against the background of the world-wide slump in orders, the orders to Sunderland are seen as a boost to the shipbuilding industry.

Although there was no official comment from Whitehall last night, the orders are almost certainly have attracted aid from the Government's shipbuilding intervention fund — designed to narrow the price gap between British and foreign prices — and up to £5 million from the fund could be involved.

The EEC Commission how-

ever has still to give its formal blessing to the scheme and although funds have been allocated on several contracts confirmation of commission approval is still awaited.

Bank Line has been a long-standing customer of the company, nationalized in the wake of the Court Line collapse — and the latest batch of orders brings the total number ordered by the company from Sunderland and its predecessor companies to 60.

The new orders are repeats of two 18,350 tonnes deadweight cargo liners commissioned by the company a year ago. Three will be built at the company's 21st Hallion yard on the Wear and three at Sunderland's yard by Deptford yard.

Mr James Gilligan, chairman of Sunderland Shipbuilders, which on July 1 will be vested in British Shipbuilders, the new state shipbuilding organization, said yesterday that the order would give every employee in the group the greatest possible satisfaction and provide a boost to morale at a time when the United Kingdom industry is fighting hard to survive the worst slump which the industry had ever experienced.

### In brief

### Crédit Suisse director sued

Milan, May 30.—Signor Ferdinando Bozzo, former president of Molini Ceresio SpA, has brought a suit against Signor Sergio Donat Cattin, a former director of Crédit Suisse.

The suit, Signor Bozzo told a news conference, is based on his allegation that Signor Donat Cattin failed to support Molini Ceresio, the Swiss official said he would when the Swiss bank took final control of the food-processing concern last September.

Molini Ceresio is believed by investigators in Lugano, Switzerland, to be one of the major losses suffered by Crédit Suisse in a scandal which involves the bank's admission that up to 2,500m Swiss francs (about £600m) were misdirected by officials at the bank's branch in Chiasso.

When Signor Bozzo took over the majority shareholding in Molini Ceresio in 1969, he confirmed, a 48 per cent share remained abroad, first in the hands of Banque de Paris et des Pays Bas, then of Crédit Suisse.

burn, of Coventry, for £7m. Six of the properties are freehold and one is on a lease of 96 years. Total lettable floor area is 307,000 sq ft.

**Price order revoked**

A price restriction order issued in March against Lesbourne Garages, of Reigate, Surrey, has been revoked by the Price Commission. The order has been rescinded after the receipt of further information from the company.

**Alcan to build \$200m smelter in Quebec**

Alcan Aluminium is to build a \$200m smelter at a new plant site at La Bale, 20 miles from the company's existing works at Jonquière, in the Saguenay region of Quebec. The plant will have an initial capacity of 60,000 tons per year. Completion of the project is scheduled for 1981 and preliminary work will start soon.

**E Europe pledges on glass import prices**

The Department of Trade has received satisfactory undertakings from Russia, Romania and Poland as to future price levels on imports of glass used in horticulture, and is taking no anti-dumping action against importers. It has investigated prices following complaints from Pilkington Brothers.

**Canvey refinery bid**

Occidental Petroleum wants to modify its Canvey Island refinery project to install units which will produce more valuable products from the lighter end of the oil barrel, notably petrol and diesel oil. It already has outline planning permission for the six million tonnes a year capacity plant.

**Legal & General deal**

Legal & General Assurance (Pensions Management) has acquired seven newly constructed office blocks in the Midlands from W. A. Black-



Sir Roger Falk, chairman of the Furniture Development Council, said yesterday that the industry's performance last year was 14 per cent above that in 1975 measured on a whole-sale price basis. Increased marketing effort and greater cooperation between manufacturers and retailers paid dividends, with exports worth more than £142m.

**Yemen in Shell oil pact**

Sanaa, May 30.—Yemen has signed an agreement with the Shell Oil Company under which the latter will prospect for oil enclaves along the coast between the Port of Hodeidah and the Saudi border, government sources said. The agreement, which extends one signed in January, 1974, involves surveying the region in the next six months. The sources said.

**Saudi Tarmac order**

A division of Tarmac International, Saudi Tarmac, formed to carry out building and civil engineering work in Saudi Arabia, has won a £44m contract to build an office complex north of Riyadh, the company announced yesterday.

### W the markets moved

The Times index: 182.13-1.44  
The FT index: 447.5-5.3

### THE POUND

| Bank            | Bank   | Bank   | Bank |
|-----------------|--------|--------|------|
| Australia \$    | 1.61   | 1.56   |      |
| Austria Sch     | 20.25  | 20.25  |      |
| Belgium Fr      | 63.75  | 60.75  |      |
| Canada \$       | 1.84   | 1.79   |      |
| Denmark Kr      | 10.65  | 10.25  |      |
| Finland Mk      | 6.75   | 6.75   |      |
| France Fr       | 5.72   | 5.49   |      |
| Germany Dm      | 4.22   | 4.00   |      |
| Greece Dr       | 61.25  | 61.25  |      |
| Hong Kong \$    | 1.35   | 1.35   |      |
| India Rs        | 153.00 | 148.00 |      |
| Japan Yn        | 508.00 | 475.00 |      |
| Netherlands Gld | 4.39   | 4.17   |      |
| Norway Kr       | 9.21   | 8.95   |      |
| Portugal Esc    | 68.25  | 64.00  |      |
| Spain Ptas      | 121.25 | 113.25 |      |
| Sweden Kr       | 7.77   | 7.42   |      |
| Switzerland Fr  | 4.47   | 4.25   |      |
| US \$           | 1.76   | 1.71   |      |
| Yugoslavia Dnr  | 33.50  | 30.75  |      |

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23 Mersey  
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System 'more effective and less expensive to administer than price controls'

## Excess profits levy urged by Co-op Union

By Derek Harris

A simple levy system to penalize any company making excess profits should after a year replace the price controls being introduced by the Government.

This was suggested by Mr Howard Perrow, chairman of the central executive committee of the Co-operative Union, the movement's central organization, speaking at the opening of the annual Co-op Congress in Blackpool yesterday.

The plan may be worth consideration by the Government as a scheme, introduced as part of the next Finance Bill, to follow the phasing out of grass and net profit margin controls in the middle of next year.

It might be one way of meeting any

TUC demand, if there was still some form of pay restraint, for further price controls in addition to those which would continue to be imposed by the Price Commission.

But the Co-operative Union wants to see the levy replace the entire price control structure, including the Price Commission which enters a new phase in August.

An excess profits levy would have more effect than the Commission and its new powers, and would be inexpensive to administer by comparison with the £5m estimated annual cost of the enlarged Commission, Mr Perrow said.

He added that the Co-operative Union had realized that price restraint was necessary during inflationary periods, but it did not want to see long-term control in addition to the

normal discipline of a competitive market.

If competition failed to keep prices and profits to reasonable levels then the Government could act as happened in wartime, by compelling companies which exceeded a profit norm to pay increased taxation. The profits levy idea was unsuccessfully urged on the Government during the consultative period on the new price control legislation, but the union is to continue pressing for its adoption in 1978.

Mr Perrow called for a change of attitude by the authorities towards the development of supermarkets in central areas of cities and towns. Such large stores meant lower prices to the public and could help to revitalize central areas.

The Co-op, second largest operator

of supermarkets in the United Kingdom, is anxious to expand in this sector on both in-town and out-of-town sites. In his presidential address, Mr George May, gave a warning that without more action, supermarkets and hypermarkets, the Co-op's share of retail trade—now slightly more than 7 per cent—was "bound to decline".

The Co-op needed a new look in dry goods, especially women's and men's wear, and the establishment of specialist chain stores also demanded consideration, Mr Gay said.

There were still difficulties in persuading individual Co-op retail societies of such priorities. Progress on the movement's regional plan, which aims at a major reduction in the number of individual societies, was also painfully slow, Mr Gay added.

## Misconceptions over annual increments in the public services

From Mr J. Fryd

Sir, One aspect of the continuing campaign against those employed in the various public services is the oft-repeated claim that annual increments, which are part of the agreed salary scales, result in pay increases in excess of nationally accepted incomes policy percentages.

Most of the public service unions are affiliated to this federation and I believe they would all most happily surrender all incremental arrangements—provided of course that the recognized rates for the job were paid to those on the lower range—and not the other way round.

A case in point is set out in the Fire Brigades Union's document, *Assessing Its Value*, published May 18, the greater part of which is a job description of the fully-qualified fireman prepared not by the FBU itself, but by the National Joint Council for the Service. The FBU however adds a pay giving the weekly take-home pay (ie, after tax, social security, etc.) of a fireman with a wife and two children under 11. The figures are:

On appointment £41.07.  
From six months to two years £42.36.  
During third year £43.59.  
During fourth year £45.17.  
At Qualified Fireman's Rate £48.29.

If there is anyone—Cabinet minister, parliamentarian, journalist or other trade unionist on the list—who is not satisfied that the increments are justified or believes that the qualified fireman is not entitled to the final rate for the job, I would advise him to get a copy of the job description from the FBU at Bradley House, Fulham, High Street, London, SW6 3JN, and do a bit of thinking. What applies to a fireman applies to teachers, local government officers, civil servants, other workers—including in manual employment—capacity for performing jobs depends largely on skills and experience acquired during their apprenticeship or training. This is the justification for incremental scale, and no justification at all for payment of such increments reckoned as a broad index of inflation. Yours sincerely, JOHN FRYD, General Secretary, National Federation of Professional Workers, 30a Seaton Road, Havendon, Bedfordshire, MK43 0JH, May 20.

## Call for European nuclear fuel reprocessing plant programme

By Peter Hill

Europe should embark on a nuclear fuel reprocessing plant programme urgently if demands for electricity are to be met in the next decade.

This was the view expressed yesterday by the International Union of Producers and Distributors of Electrical Energy amid the growing controversy over the safety aspects of nuclear power generation.

The organization stated: "European electricity producers consider it essential, and a matter of urgency, that reprocessing plant should be set up in line with requirements. This does not mean that reprocessing is incompatible, under certain conditions, with the policy of non-proliferation."

It noted that present forecasts for the commissioning of reprocessing plant would result in a shortage of available capacity in Europe compared with the requirements, and this shortage

was likely to continue for a substantial part of the period 1980-90.

The organization stated that the expansion of nuclear energy production remained essential in order to ensure Europe's energy supply, and it was recognized that such development would have to comply with the legitimate requirements of environmental protection.

Its strong support for the development and expansion of nuclear energy electricity production comes at a time when there is growing concern over the pace and safety aspects.

Next month a public inquiry will open at Windscale into the safety of a large-scale nuclear programme in Britain would not go ahead until after a wide public debate on the subject.

In its statement, however, the

organization said the present situation necessitated the storage of irradiated fuel elements over a much longer period than would be the case if there were adequate reprocessing facilities.

Electricity producers therefore would be required to provide their own storage facilities to ensure that normal operation of their nuclear power stations was not affected.

"This inadequacy of reprocessing capacity will result in delay in recovering the uranium and plutonium that can be extracted from irradiated fuels."

"The result will be an increase in the demand for natural uranium, and consequently an increase in the cost, and in a more general way an increase in the cost of the fuel cycle," said the organization.

"It continued: "An additional consequence is the delay in the entry into service of fast reactor, particularly deplorable in Europe, which is relatively poor in fossil fuels and even more in uranium."

## UK 'failing to act over Arab boycott'

By Ronald Embley

Leaders of three big Jewish organizations have submitted a memorandum to the Prime Minister calling for "effective Government action over the Arab trade boycott and demand for legislation to protect British companies and businesses against boycott pressures."

Lord Fisher of Camden, president of the Board of Deputies of British Jews, Mr Eric Moonman MP, chairman of the Zionist Federation of Great Britain and Ireland, and Mr Fred S. Worms, honorary president of B'nai B'rith have also submitted an end to Foreign Office action on negative certificates of origin which state that goods sent to Arab countries, especially Iraq, do not contain Israeli components and are not of Israeli origin.



They want the Department of Trade to issue positive guidance to companies about the boycott and to stop saying that complying with it is "a matter of commercial judgment". They have also suggested a new legislative programme for countering boycott pressure on United Kingdom companies.

The Government's failure to act was "intolerable," they said at a London press conference, and demanded all trade boycotts "not internationally sanctioned".

They pointed out that America plans anti-boycott legislation. Canada has threatened to withdraw government aid from companies sup-

## South Africa to revalue official gold reserves

From Ray Kennedy

Johannesburg, May 30

South Africa is soon to revalue its official gold reserves at a price more realistic to the free market level. At present the reserves are valued at the official price of \$424 an ounce.

A Bill tabled in the Cape Town Parliament today provides for the Reserve Bank's gold holdings to be valued at a price determined from time to time by the finance minister after consultation with the bank. It will become law before parliament prorogues by the end of June.

Another big change in the South African set-up will be the ending of a statutory

requirement for the Reserve Bank to publish a statement of its liabilities and assets each Friday. In future it will do this on the last business day of every month.

The new figures, now published weekly, fluctuate widely as they reflect inflows or outflows of foreign credits. Last week's Reserve Bank statement reflected a fall in total gold and foreign reserves of Rands 15.8m (210.5m) to Rands 752.8m with gold holdings down by Rands 200.0m to Rands 256.8m, representing 38.09 per cent of the reserves.

Although the revaluation of the reserves will push up the gold content enormously, it will not reflect any change in the overall statistical picture.

## Opposition to Plessey cuts fading

By R. W. Shakespeare

Northern Industrial Correspondent

Shipowner opposition to the plans by the Plessey Group to cut its telecommunications operations with the loss of 4,000 jobs nationally, including 1,400 on Merseyside, appears to be dwindling.

With closures and cutbacks due to take effect at the end of this week, the militant action now seems to be centred on a strike by 250 women workers belonging to the electronics union at the Kirby factory, Liverpool. One of those due to close on Friday.

The women workers are picketing the plant where senior management are excluded. But about 50 other women workers at the factory have accepted their redundancy notices.

At the nearby Speke factory, which is also due to close at the end of this week, another strike seems to have failed to win shipowner support.

The bulk of the redundancies are due to take effect at Plessey's headquarters plant at Edge Lane, Liverpool, where nearly 1,000 workers will lose their jobs under the cutback plans announced by Plessey earlier this year. A reduction in orders by the Post Office for telecommunications equipment is said to be the cause of the redundancies.

Last week about 2,000 workers at the Edge Lane plant began a strike against the lay-off of about 1,500 other workers. Talks between union officials and management about the redundancy plans broke down.

A strike and sit-in at two big factories belonging to the Chloride International Battery Manufacturing Organization is also continuing. About 3,500 workers are occupying Chloride's plant at Clifton Junction near Manchester, and another 1,500 have occupied the factory at Dagenham.

This dispute centres on the rejection by five unions of a new productivity plan.

## Plea for simpler form of current cost accounting

By Our Financial Staff

A plea for a much-simplified form of current cost accounting that proposed by the Monopolies Committee has come from both the London Chartered Accountants and the Institute of Chartered Accountants of Scotland.

In submissions to the Inflation Accounting Steering Group, both have thrown their weight behind the proposals put forward in the exposure draft (Ed 18) on current cost accounting, but both want to see extensive modifications.

The London accountants argue that the eventual standard should deal only with current cost matters such as fixed assets, stocks and monetary items—they favour adjustments for monetary items in the profit and loss account—leaving other, ancillary matters to be dealt with later.

The Scottish accountants suggest that current cost accounts should at first be only supplementary to historic cost accounts until confidence in the new system has been established.

## Improvement in warehouse and factory leasing

For the first time in recent years there has been a reduction in the total floor area of empty factories and warehouses, available for sale or to let in England and Wales, it was disclosed yesterday.

Although the reduction in recent months is only marginal, it is seen as an indication of a general improvement and is in sharp contrast to the long-term trend of a 145 per cent increase since November, 1974.

The industrial floor space survey—conducted by King and Company, a leading industrial estate agent—shows that 83.7 million sq ft of factories and warehouses were empty during April, against 84 million sq ft last December.

Improvement is most marked in London and the Home Counties, where the area of both empty factory and warehouse space has decreased. Elsewhere, significant decreases are confined to warehouses in the North-east and factories in the North-west, although the several areas show small improvements.

## ISTC call for selective import controls on steel

From Ronald Kershaw

Northern Industrial Correspondent

A call for selective import controls on steel will be made at the annual delegate conference of the Iron and Steel Trades Confederation opening at Scarborough today.

The resolution to be moved by the Clydebridge No 1 branch of the union, gives point to a report by Mr Bill Sims, general secretary of the confederation, which highlights the fact that while exports of steel since 1971 have dropped from about 6 million tonnes a year to 4 million tonnes, imports have increased from 2.5 million tonnes to 5.5 million tonnes in the same period.

Mr Sims points out that this

represents a net loss to the United Kingdom steel industry of 5 million tonnes a year.

The resolution from Clydebridge, in addition to calling for the extension of British Steel Corporation output caps for restrictions on the export of capital for industrial investment abroad and suggests that such capital should be directed into industrial investment in Britain.

Implementation of these three points is suggested as the key to retaining the maximum number of jobs possible in steel manufacture.

Mr Varley, Secretary of State for Industry, is due to address the conference today and put the Government's views on the steel industry should take.

## Dockers refuse 'blacking'

Swansea dockers yesterday rejected a request by Port Talbot steelworkers to "black" imported steel coil.

The British Steel Corporation is importing the coil to keep up supplies for the export of Trostre, Llanelli, and Velindre. Swansea—where normally rely on Port Talbot steel.

Leaders of the 550 striking electricians yesterday picketed the docks as part of a campaign to step up their nine-week-old dispute over pay differentials. They then met dockers' representatives who rejected their proposal to halt coil shipments.

Mr Tommy Hilton, the Swansea dockers' leader, said: "They invited us to boycott the coil importers for Trostre, Trostre, but we told them that at this point of time we were not prepared to do it. It would put our own jobs in jeopardy."

The dockers argued that if supplies to the tinplate works were to dry up, then so would the tinplate exports back through the docks.

## Impact of lags in calculating money supply

From Mr C. L. F. Atfield

Sir, In today's Times (May 10), Tarring and Wilkinson, both periods in the table were estimated with three, four and five lags of money supply growth, whereas the 1960-73 period they include to was only estimated with three lags.

Sum of coefficients money supply growth Period

| No of Lags in money supply | 1960/73 | 1974/75 |
|----------------------------|---------|---------|
| 3                          | 0.67    | 0.867   |
| 4                          | 0.73    | 0.984   |
| 5                          | 0.736   | 0.984   |

What stands out in the table is the manner in which the sum of the coefficients increases towards unity as the number of lags included in the regression equation increases. (I should be surprised if the value of 0.984 for the period 1960-73.

The table below gives the sum of the point estimates of the coefficients in the regression equations reported by

Tarring and Wilkinson. Both periods in the table were estimated with three, four and five lags of money supply growth, whereas the 1960-73 period they include to was only estimated with three lags.

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## Objections to nationalizing water supplies technical not political

From Mr G. M. Beresford Hart

Sir, In a recent news item, you suggested that a fully nationalized water supply industry was necessary. If a national water grid were to be developed, I think the suggestion is incorrect.

Britain has a good record in the development of schemes for bulk transfer of water. Many of these schemes require cooperation between separate organizations. Many, indeed, were conceived and executed before the establishment of the present water authorities. Successful technical and financial cooperation between water companies, water boards and local authorities has been the rule, rather than the exception, and remains so under the new order.

The objections to a national water grid are technical rather than political. Certainly, there are areas where bulk supplies are brought from afar: there are areas where additional bulk supplies would relieve local shortages. The transport of water, however, is a very expensive of capital, because enormous quantities of pipeline would have to be laid and numbers of large pumping stations would have to be built. It would be expensive of energy (and, hence, running costs) because it was used. If money is to be spent on improving the country's water supply, which is already very good, I submit that it should be spent on the development of new sources and on such specific bulk supply schemes as offer a real advantage to the consumer.

One is tempted to speculate whether the suggestion of a

national water grid might not have been advanced to facilitate the political argument about nationalization, rather than for any practical purpose.

G. M. BERESFORD HART, Beresford, Berkefeld and Associates, 7 Beckington Gardens, Wokingham, Surrey RG4 6BZ.

**home charm**

Elm Road, New Southgate, London N11 2NA

Trading profit before taxation

| Year   | 1972    | 1973    | 1974    | 1975    | 1976 | 1977 |
|--------|---------|---------|---------|---------|------|------|
| Profit | 263,451 | 278,127 | 607,381 | 608,538 |      |      |

\* Pre-tax profits exceed £1m for the first time  
\* Dividend of 3.245p (maximum permitted) covered 3.2 times  
\* £1.3m invested in new stores for future growth  
\* Retail selling area up 31% to 493,000 sq ft

Sales for the first quarter of 1977 have increased by 23% as compared with the corresponding period of 1976. This is at a time when the volume of retail sales in the UK has fallen to the lowest level for any quarter since early summer 1972.

With indications that retail sales will have improved before the year-end, and with further store openings planned for the next few months, it is anticipated that sales for 1977 will show a healthy increase over 1976.

Every effort is being made to restrict overheads and, accordingly, subject to unforeseen circumstances, we look forward to another year of continued growth in profits.

Manny Fagel,  
Chairman

Copies of the Report and Accounts may be obtained from The Company Secretary

**TEXAS HOME CARE**

## Honeywell attacks NEDO report

Honeywell Information Systems

The United Kingdom subsidiary of the Minneapolis-based computer company yesterday criticized the recent proposal by the computer sector working party of the National Economic Development Office that the Government's computer strategy should be continued and extended.

This proposal (The Times, May 17) was made on behalf of a majority of members of the working party, which consists of five union members, four from industry management, three from NEDO, two from the Department of Industry and one from the National Computing Centre.

Mr Vincent Cargaro, director of Honeywell's Hemel Hempstead systems centre and a member of the working party, yesterday dissociated himself from the working party's recommendations. They were "irrelevant to the real needs of the computer industry in the United Kingdom," he said.

Honeywell is one of a number of foreign-owned, British-based computer companies which has stressed to the working party that their presence in the United Kingdom frequently creates new opportunities for the components industry.

A relaxation of the public sector procurement policy, this group has argued, might lead to higher investment and higher employment in the United Kingdom, and should sharpen the competitive edge of the indigenous manufacturers by removing

## Computer news

ing them from a protected environment.

To apply the working party's recommendations, Honeywell said, would run counter to the European Community's public supply directive, and also to the working party's original objectives, set last summer.

It would involve public-sector users in extra risks and administrative costs, and would not be in the interests of the wider British computer industry.

The working party had suggested that the Government should consider extending the preference policy to the products of the United Kingdom minicomputer industry. This would be a mistake, Honeywell said. Hardware was not the central issue (though it used to be). It was becoming less important as technology moved forward.

In 1976, the company said, the United Kingdom imported £173 worth of computers for every £200 exported. But Honeywell's figures show a worth of imports for every £100 worth exported.

The Government's ICL preference, the working party had said, did not cover the whole of the public sector. True in theory, Honeywell commented, but in practice the company had observed "an extension of the present policy into the wider public-sector market."

## Computer news

Honeywell Information Systems employs more than 2,000 people in Britain. According to the business equipment trade association, the sector's main-frame computer suppliers in the United Kingdom employ more than 47,000 people, of which British-owned ICL employs about 19,000 and the six American-owned companies about 28,000.

**IBM's new mini**

Computer Analysts & Programmers, SPL International and Altergo are among the first software houses to announce development programmes in connection with IBM's Series 1 minicomputer, announced on the United Kingdom market last week.

Orders for the new mini have been received from Altergo, CAP and ISS Computer Services, with first deliveries expected from IBM's Italian factory during October and December this year.

Purchase price for a small version of the Series 1 is about £7,400. Mr Alex d'Agapeyeff, CAP chairman, described the machine as "a very exciting new kind of mini which will be very relevant for distributed processing in commerce and industry. It does, however, need more application software, and that is where we aim to make a contribution."

Kenneth Owen

## TRAVIS &amp; ARNOLD LIMITED

Distributors of timber, building materials heating and plumbing equipment to the construction and allied trades.

Extracts from the Chairman's report for the year to December 31st 1976:

Profits before tax were at the record level of £4,232,1 sales of £43 million and this is partly due to the "twist" in the inflationary spiral caused mainly by the deterioration of the value of sterling against the currencies in which we trade. I still feel that we can be satisfied our underlying level of efficiency and performance.

Earnings per share amount to 23.5p for the 12 months period ending 14.8p for the 10 months to December 1976. Net tangible assets have increased during the year from 138p to 158p per share.

I feel in considering future prospects that our position is similar to that of a year ago. After recently reaching unprecedented high levels, interest rates have fallen and are lower than for several years and despite strong competition for funds the Building Societies are to have an encouraging increase in their net receipt if this is sustained we can once again hope for an improvement in the private sector by the end of the year. Meanwhile we have to cope with a lower volume level 1977 and the doubts over a settled economic climate which might once again force the government to try monetary policy.

E. R. Tr

For a copy of the Report and Accounts write to The Secretary, Travis & Arnold Ltd, St. James Road, Northampton NN1 1JH.



BY THE FINANCIAL EDITOR

## Surprise tactics from the Bank

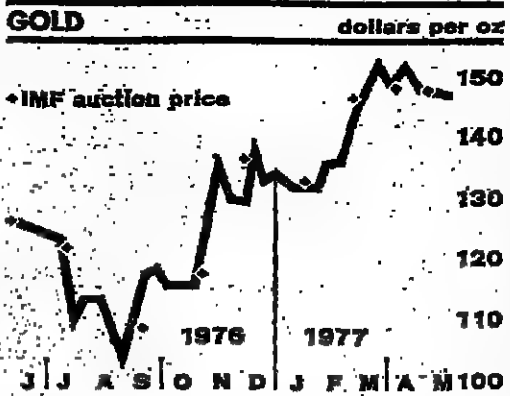
else one may say about the Bank of England, it can never be accused of surprise. So, on the gilt market the better part to establish a market in the new stock, the Bank then promptly 100m novelty in what it doubtless be a proper perspective and a new £800m stock of a more at least in the sense that the bears a fixed interest coupon, rather the partly-paid mechanism regarded as established practice another matter.

cker's surprise at the Bank's timing quite simply on the fact that the is being launched after a week market has been in retreat. The however, appears to be that the is this a convenient moment both lish a management presence in the id also to start to commit institu- late summer funding lest the ree anywhere is by then proving a conductive.

nt pricing of the stock suggests authorities may not in fact be all ed about how much stock they sell there are already £780m of out- gilt calls before mid-July. The is whether or not they are running, selling too much stock in the imma- re, since the first two calls could to a further £240m out of the early July.

and Samuel Montagu; the three leading Swiss banks, the Union Bank of Switzerland, Swiss Bank Corporation and the Swiss Credit Bank; several United States institutions; nro probably the Bank of Oman; which pops up occasionally.

IMF auctions themselves are no longer a disruptive force in the market. They have become a part of the way of life in gold, particularly since the monthly auction offerings of 525,000 ounces succeeded the



780,000 ounces for sale in the first series when the auctions were held about every six weeks.

During the past three months, the bullion price has been consolidating above the \$140 level, with a high point of \$153.60 an ounce reached at a London fixing in March; and while there has been weakness recently, the fundamentals for gold are strong.

Jewelry and other industrial demand has been buoyant, but has tailed off somewhat since the latest bull phase started last September. It is generally held that the jewelry industry took in large quantities below \$120 an ounce.

Meanwhile, Krugerrands have gone out of fashion—overseas sales in the first quarter of this year were 497,000 coins, compared with 818,000 in the same period last year—although the international premium has risen slightly this year.

But since gold has such a politico-economic role, its position could change overnight. The Cuban presence in Ethiopia is being watched closely, for example, as is the banking crisis in the United Arab Emirates.

So, if the world economic and political situation stays calm during the summer, bullion is likely to trade quietly, with \$135-\$138 an ounce as the low point. But if \$150 an ounce can be breached with confidence there could be a run up to \$165, though at the risk of attracting more than passing attention from the United States Treasury and the Russians.

### actions

#### ng the stakes

##### IMF

rules for tomorrow's ninth Inter-Monetary Fund gold auction—the the new monthly series—may have factor which has contributed to the eakness in the bullion price. For, if the \$50,000 deposit demanded at auctions, intending bidders will e to put up \$25,000, or \$10 an ounce, it is the greatest.

als in the gold market have al- sidered a \$50,000 deposit to be less when such high stakes are . So the requirement of \$1m for a ounce bid, for instance, is more show the integrity and backing of er.

nger has always been that specula- lly try to play the auction price off he market.

certainly not going to change the of real professionals, however—the big four, including N. M. Rothschild

## s don't help investment trusts

x months of intermittent takeovers, n the investment trust sector are iding at an average discount to their e value of around 30 per cent. It e want of a follow-through that e failed to make more headway, for e been plenty of bid approaches— e scenes.

have so few of them come to e? Well, not necessarily because eached conservatism within the e. Investors in investment trusts e would be bidder with a problem e consideration.

investment trust share registers, y contain a fair number of names e been there for any number of nd the implication is that a bid in ous up formidable tax liabilities on gains. Pension funds, however, are ise to bid in anything else.

ere are problems, too, for quoted e like the assurance groups which e paper to bid. After seeing the e value of the Prudential's bid for e slide with the shares until it e by next to nothing, the cash offer e British Rail Pension Funds, a d now has to have a cash alternative n serious attention.

ver, the structure of the industry— f cross-holdings—means that in most bidder will have to obtain at the ard acquiescence if he is to have any e success.

omplexities of those cross holdings e strained by the case of London e n, whose directors last week l their readiness to question whether e interests of shareholders were

served by running the company as an investment trust. That immediately sent the shares up, but they have slipped since, as the market waits to weigh the precise significance of this Delphic pronouncement.

It will be of wider application than at first appears. London & Aberdeen, itself relatively modest in size (total assets of just under £25m, according to Laing & Crutch-shank), owns 35.4 per cent of the much bigger (assets of £50m) Stockholders, which in turn owns 62.7 per cent of General Stockholders (assets of £10.5m). All are trusts within the Govett stable.

London & Aberdeen is itself owned as to almost 12 per cent by the biggest of the trusts of the Govett group, Border & Southern. Now quite apart from the fact that questions on the value of the investment trust concept from such a group—Govett is one of the best-regarded in the industry—represents quite a departure, unwinding London & Aberdeen, if that is to be the outcome, will take a lot of doing.

For one thing, the group owns an American oil company which would probably have to be sold—it would, for example, hardly fit into a unit trust portfolio. For another, since Stockholders is taken into London & Aberdeen's books at asset value rather than market price, unwinding the latter might mean doing something with the former as well.

The implication of the announcement is certainly that the excitement in the sector is not yet over. But London & Aberdeen's directors would have done their shareholders more of a service had they provided more in the way of information and less in the way of suspense.

The recognition of staff associations has attracted attention in the columns of *The Times*. In reply to criticism by the National Union of Bank Employees of the grant of certificates of independence to staff associations of two building societies Mr Keeble, the chairman of Nationwide Building Society Staff Association, and Mr Owen, the chairman of the Leek and Westbourne Staff Association, wrote a joint letter which was published on March 19.

They drew attention to the fact that certificates of independence were given by the certification officer in circumstances where administrative secretaries and clerical assistants were employed and the services of an independent consultant and negotiator were retained on a paid basis by the association.

The object of seeking recognition is to enhance bargaining status on pay and other conditions of work. It is the stuff and essence of the good ordering of industrial relations. It conduces to stability. It also raises inevitable conflicts.

This is certainly so where a recognition dispute is in effect a rivalry struggle between two unions, or between two or more groups in the same union.

The recognition of a staff association raises special problems as under existing law it must be free of domination, control or interference by the employer. This factor has no place in the ordinary rank of recognition disputes as unions other than staff associations are in no way identified with the employers.

Only an "independent" trade union may refer a recognition issue to the Advisory, Conciliation and Arbitration Service under section 11 of the Employment Protection Act 1975 (implemented February, 1976).

for conciliation and a report with recommendations. Section 29 of the Trade Union and Labour Relations Act 1974 defines an independent trade union as a trade union which "(a) is not under the domination or control of an employer or a group of employers or of one or more employers' associations; and (b) is not liable to interference by an employer or any such group or association (arising out of the provision of financial or material support or by any other means whatsoever) tending towards such control".

In Blue Circle Staff Association v Certification Officer [1977] ICR 234, which was the first appeal to the Employment Appeal Tribunal from a decision of a certification officer who refused to grant a certificate of independence under section 8 of the Employment Protection Act 1975, it was held that his refusal to grant the certificate was justified. The association, it was further held, had not yet attained the freedom from domination which it had been pursuing.

The original consociative organization had been penetrated at every point by the interference and control of the management. There was a heavy onus on such a body to show that it had shaken off the paternal control which brought it into existence and fostered

its growth and which finally joined in drafting the very rules by which the control appeared to be relaxed.

The decision of the Certification Officer appears to have been correct in the building society cases to which reference has been made. The decision affirmed by the tribunal was clearly correct in the Blue Circle case.

It is, however, worth seeking to examine the principle involved. If a staff association composed of members who do not wish to join any union, why should they have to form or join an independent trade union to seek recognition and enhance their bargaining status?

Why should the law impose this fetter on their freedom of action?

Can it be that certain sections of trade union opinion do not wish it to be this way? If so—is this attitude justified? It is thought not. The Donovan Commission in paragraph 766 suggested that a possible basis for the definition of a trade union was any combination of employees the principal activity of which was the regulation of relations between employees and employers, concluded at paragraph 255/6 that an independent tribunal should be established to which

recognition disputes might be referred by the Minister of State.

These findings more or less adopted the situation under the Trades Dispute Act of 1906 as reflected by Ciriene's "Complete Modern Definition of Trade Union" as set out at page 343 of *Trade Union Law* (third edition). There was no concept of "independence" as a prerequisite to recognition.

This was first imported by the Act of 1971. However, the Labour Government's appraisal of the report of the Royal Commission which was set out in *In Place of Strife* and later in the Industrial Relations Bill presented by Mrs Barbara Castle, and supported by among others Mr Crossman and Mr Wedgwood Benn, contained no such concept. The definition of trade union in Clause 1 of the Bill followed the traditional pattern.

There was no statutory or common law machinery concerned with recognition as such before the Act of 1971. Under the Act of 1971 the Commission on Industrial Relations could not recommend recognition—and hence the National Industrial Relations Court could not order recognition—unless the organization of workers was independent in the sense that it was not under the domination

or control of the employer (see sections 13(4)(a) and 167).

This is reflected in the definition of "independent trade union" in section 30 of the Act of 1971, which repealed the Act of 1971, but the second limb of section 30 goes further and requires that the trade union shall not be liable to interference by an employer by any means whatever tending towards such control.

Surely the essential point must always be the will of the majority of the members of the staff? This can be ascertained from time to time by the taking of an independent ballot.

Under paragraph 11 of Schedule 1 of the Act of 1975 ACAS is a subject to direction by any minister and is enjoined to perform its functions on behalf of the Crown.

Under section 2 of the Act of 1975 ACAS is empowered to act "ex officio" in the case of an apprehended trade dispute—which of course includes a recognition dispute.

It is all too apparent that the views of staff associations may be canvassed by independent ballot arranged by ACAS should the need arise.

Is it not high time that this artificial concept of "independence" as a prerequisite to a claim for recognition should be discarded? If a man or woman is free to join, or not to join, a trade union; if freedom of choice has any meaning; if treaty obligations, for example under the European convention on Human Rights, are intended to have any effect in domestic law, then the answer is plain.

This is not the only aspect of the recognition machinery in need of a 10,000-mile service—or, indeed, the only aspect of the law on industrial relations due for a general overhaul.

Alan Campbell, QC

### Eric Wigham

## Where Japanese and western attitudes to work converge

A report from the Organization for Economic Cooperation and Development, based on the visit of a study group to Japan, suggests that industrial relations and worker attitudes in that country are tending gradually to become more like those of the West.

The group consisted of a dozen employer and trade union representatives from European countries, with a British rapporteur, Mr Oliver Clarke, principal administrator of the OECD social affairs and industrial relations division. Coming from countries themselves undergoing changes in their labour relations, the group sought to assess a quite different system.

It could be described, perhaps, as a sort of cross between the paternalism not infrequently to be found among European firms a generation or two ago and a kind of consensus decision-making which has some parallels with present trends in Europe.

The essence of it is what has been called "lifetime employment". Boys and young men leaving school or university start work in an enterprise where they will remain until they retire when they are 55 to 60 years old. As the years pass, their pay and status increase regularly, whether or not their job in the company changes.

If an employee is required to do a different type of work, the firm trains him for it. He has a wide variety of fringe benefits and the company's interest in him extends beyond the factory.

His union is based on the enterprise in which he works and on bargains about general

movements in pay and conditions which are on a pattern set by negotiations between national employers and the union federations normally in what is known as the "spring labour offensive". Time lost through strikes is less than in most countries though more than in, for instance, West Germany or Sweden.

At the heart of the report says "the Japanese enterprise is a body of people who feel that by willingly giving it their best efforts, by giving more weight to their responsibilities than to what is due to them, they are ensuring their own security and prosperity and contributing to the good of their country as a whole."

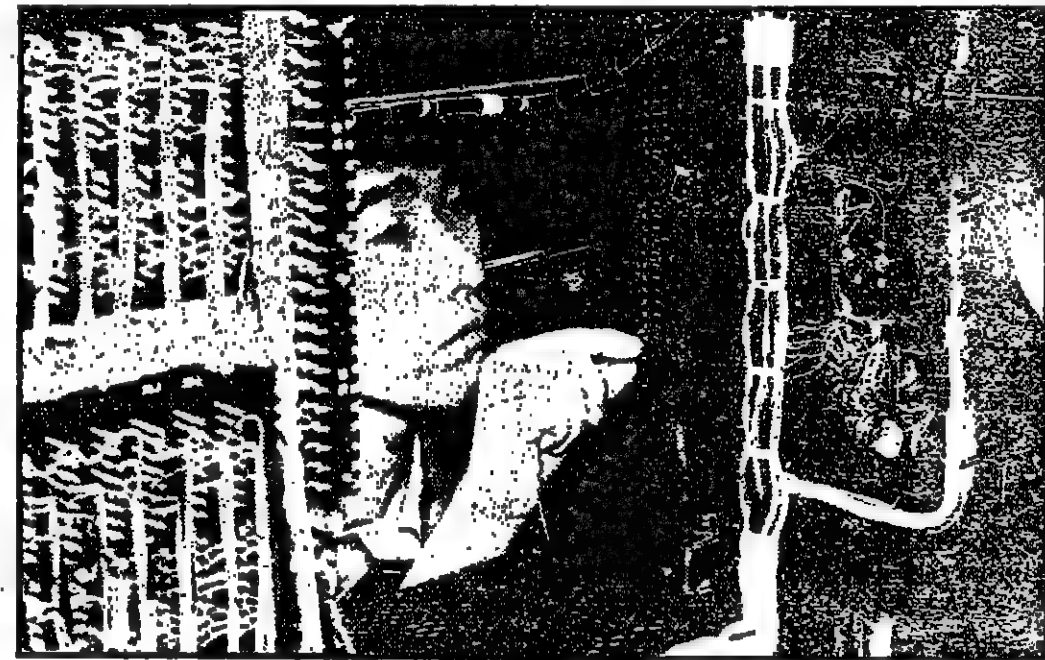
Workers, the report continues, are ready to do any work within their capacity. There is no need to oppose technical change since it is unlikely to have adverse effects on either security or pay.

Devotion to the work community is traditionally regarded as an important virtue in Japan and may be stronger than devotion to the immediate family.

But it is not all like that. Lifetime employment is normal in large concerns, but less general in small ones, in which wages are on average much lower.

There are "temporary" workers, with no comparable security, and "half-way" workers who move to a different employer in the course of their careers, and women who break their continuity of employment for family reasons.

Moreover, the life-time workers who retire earlier than in other countries, with a lump sum to tide them over until they get the state pension



A computer under assembly at a Tokyo factory: a European study group detected a falling-off in the traditional devotion to work and the company among the Japanese young.

at 60, some 80 per cent continue in temporary work at lower pay in the same or another undertaking.

There are also disadvantages. All goes well in periods of expansion, such as has been normal since the war, but the recent recession led to the acceptance by an increasing number of Japanese employers of western criticisms that lifetime employment could lead to overmanning and rigidity.

The study group found other, varied signs of change. A growing number of young workers would like to be able to change their jobs without the sacrifice of seniority pay which it at present entails. The seniority wage has also declined.

A survey showed that whereas in 1958 workers aged 40 to 49 got two and a third times as much as those aged 20 to 24, in 1974 they got only 71 per cent more.

There are less tangible changes in attitude. The group found a tendency to lay more emphasis on environmental and social improvements and less exclusive concentration on economic growth. They also

detected a falling-off, among the young, in the traditional devotion to work and the enterprise.

As evidence of this, a number of surveys are quoted, some of them putting questions to the workers which would cause surprise in other countries. An official inquiry, for instance, found that 72 per cent of people aged between 40 and 49 agreed with the statement: "Work is only natural to man; devotion to work is admirable." But only 54 per cent of those aged from 16 to 24 agreed.

Another survey asked workers to choose which of a number of expressions of attitudes to life came closest to what they felt. In 1930 nearly a third picked: "Resist all evils in the world and live a pure and just life but in 1968 only one in 10 did so.

On the other hand, the proportion preferring: "Don't think about money or fame. Just live a life that suits your tastes", rose from 11 per cent to 51 in the same period.

A third inquiry in 1971 found that 40 per cent of workers in the private sector valued work more than family life or leisure, but males under 20 and females under 30 attached greater value to leisure.

However, even though the younger generation may be adopting a more individualist attitude, the overall impression

of the group was that Japanese workers remained extremely industrious and retained an exceptional identification with their enterprise.

The report concludes with some discussion of the theory that common industrial and social problems will bring about a trend towards uniformity in industrial relations systems and it finds some signs of convergence. The seniority wage system is weakening in Japan while job security is receiving increased attention in Europe. Workplace bargaining is becoming more important in some European countries while national negotiations may acquire greater authority in Japan.

Consensus decision-making in Japan has something in common with workers' participation in Europe. In most of the countries the balance between confrontation and cooperation is becoming more even.

However, though countries in these days of abundant communication know and understand better the ways of others, they are less likely to imitate what is good than to try to find their own way of achieving the same results. Attitudes and traditions differ so much that uniformity, happily, is not within sight.

\* The Development of Industrial Relations Systems: Some Implications of Japanese Experience (OECD, £2.20).

## Business Diary: New men in power • Pukka Saab

ling at the top of the Electricity Generating authorities space. Yesterday Secretary Tony announced the names of the recruits to the CEEG.

er top civil servant es will be joining full- September, while Geoff d, chairman of the Mid- electricity Board, takes three year part-time ment from tomorrow.

roduction of Jukes is way a Civil Service ent. He was nominated new CEEG chairman, island, who has known ears and thinks highly bility.

has had a varied career Civil Service and with led Kingdom Atomic Authority. In both e sinly concerned with c planning.

Before that he was success- ively director of finance and administration with British Leyland Europe and Western Europe director of British Leyland International.

Smerdon's inheritance is a company that has been gradu- ally losing its market share, down from 0.62 per cent in 1975 to 0.54 per cent last year and 0.45 per cent in the first four months of this.

on May 20 notified his acceptance of the offer.

Geoff Shepherd is well known in the electricity industry and will combine his duties with the Midlands Electricity Board.

With these latest additions to his team, England now apparently feels that he has a strong force for coping with the inevitable battles ahead. Although he still has room for one more appointment no further announcement is expected for some time.

### Driving force

Saab, not the most sparkling of British car importers at the moment, has just appointed a new managing director. John Smerdon, 49, takes over a fairly hot seat with the United Kingdom subsidiary after two years as a management consultant, much of it spent advising Saab-Scania in Sweden.

Before that he was success- ively director of finance and administration with British Leyland Europe and Western Europe director of British Leyland International.

Smerdon's inheritance is a company that has been gradu- ally losing its market share, down from 0.62 per cent in 1975 to 0.54 per cent last year and 0.45 per cent in the first four months of this.

The problems of Saab as a whole, of trying to sell an aging and—thanks to the strength of the Swedish cur- rency which a devaluation has done little to alter—increasingly expensive model range to a



Saab's John Smerdon.

once loyal ownership that is beginning to find the price a little too much.

Saab has traditionally sold to better-off professional people—doctors, dentists, lawyers and so on—and, once hooked on the car, most have gone on to buy another. But Smerdon points out that this type of person has been badly hit by inflation and the pay policy and is in danger of casting around for something cheaper.

So, while he is anxious to hold on to existing customers, he also talks of trying to reach further up the market.

He hopes to do it by aggressive marketing, which will involve stronger advertising and injecting a greater commitment into the dealer network. He is disturbed that Saab does well in Yorkshire and Scotland and poorly in the affluent South-east

which must be full of potential customers.

Smerdon's long experience of fitting products to different markets gives him a European rather than national perspective in his new job. He recalls that at one point in his career he was involved in launching the Playtex bra in, of all places, France.

Now you might have thought that the last thing French women would have wanted was this efficient and rather unglamorous American product when they had been used to the frilly stuff. But now Playtex is the best-selling bra in France.

Such, he contends, is the power of marketing. It will be interesting to see whether he can be equally successful in selling Saabs to the hard-up British.

### Sticky

The sticky question of when a chocolate is not a chocolate will soon be preoccupying Derek Anderson. As newly reelected president of the Cocoa, Chocolate and Confectionery Alliance, he represents British confectionery makers at a meeting with his EEC counterparts in Copenhagen next month.

The problem which has been around for a long time, is that additives to some British, Danish and Irish chocolates mean that they do not conform to the food labelling regulations adopted by the other six members. If these have not been such products will not be called "chocolate".

Talks to see if a common formula can be agreed have gone on for several years without a settlement. Anderson, however, believes that spiralling raw materials could add a new factor to next month's debate.

Higher priced cocoa beans are already likely to force up United Kingdom chocolate prices by about 30 per cent this year. The manufacturers, who have seen their sales suffer as a result, argue that the proposed new regulations could price their products out of even the most affluent child's pocket.

Other EEC manufacturers have been similarly affected and Anderson hopes that this might help to turn the tables in the talks about the description of "chocolate".

Instead of the three new-comer countries adopting the chocolate making standards of



CCCA's Derek Anderson.

the original six, he thinks these might now be prepared to relax the regulations to keep prices down.

### Steel clanger

There is some embarrassment in the British Steel Corporation over the medal struck to commemorate the tenth anniversary of the founding of the state undertaking and handed to a number of worthies who attended a recent celebratory luncheon.

On one side is a blast furnace and on the other the names of the 14 companies which were originally vested in the corporation arranged in concentric circles. But keener-eyed recipients have spotted a couple of errors—the mis-spelling of one company's name and the omission of another.

The mis-spelling is of Stewarts and Lloyds, which appears as Stewart and Lloyds. The omission is that of the Lancashire Steel Corporation, although Round Oak Steel Works, which was originally among the 14 companies and subsequently returned to the private sector, is listed.

Spink and Son, the medallists who undertook the commission, said they had no comment to make on the omission and the mis-spelling and referred Business Diary to the corporation. At the Grosvenor Place headquarters a spokesman in the BSC press department apologized for not having seen the medal personally. "There are none extant within the BSC", he said.

Salient points from the Statement by Mr. H. J. Isner, Chairman.

- The results of the year can be considered satisfactory.
- The growth of the Company has been brought about by a series of successful additions to established ranges as well as the introduction of new ones.
- Orders received and despatches effected in the first three months of the current year are well in excess of the same period last year and we are confidently looking forward to total sales for 1977 considerably above those for 1976.

|                             | 1976        | 1975        |
|-----------------------------|-------------|-------------|
| Turnover                    | £23,840,329 | £19,837,313 |
| Group trading profit        | £2,401,490  | £1,546,253  |
| Earnings per Ordinary Share | 7.0p        | 5.1p        |



# Europa

## Italy at the top of the league for strikes

Final figures for 1976 show that less time was lost through strikes in the United Kingdom than in France for the first time since 1968, when France's industrial storms defeated the statisticians.

Italy, though doing slightly better than in 1975, remained easily the most strike-prone of the four main EEC countries; and Germany, in spite of some troubles in the spring, easily the most peaceful.

The explanation of the reversal of the positions of France and Britain is that French unions, like those of Italy,

were struggling against their government's anti-inflation policy, while British workers were on the whole loyally observing the national incomes policy agreed with the TUC. But the reaction has set in.

British craftsmen, in the motor and steel industries and at London airport and elsewhere, have rebelled against reductions in their differentials which resulted from the policy, and in the first quarter of this year strikes caused the loss of two thirds as much working time as in the whole of last year.

France started this year with a relatively peaceful couple of

months, but the widespread stoppages in protest against the government's economic policy on April 23 and an even more general 24-hour strike called on May 24, show that the Frenchmen are as determined as ever to maintain their standard of living. The strike which paralysed Rome on March 24 had in part a similar motive.

Workers in the four countries have all maintained their standards in the three years since the recession began, though in the United Kingdom and Italy particularly at much economic cost; and in the past year there has been a 10 per cent fall in British standards.

The accompanying table of the movement of wage rates, calculated from OECD pay and consumer price indices, shows that the value of wage rate gains from 1974 to 1976, was about one ninth of the actual increases in the United Kingdom, one sixth in Italy, a quarter in France and a third in Germany.

Pay rates are not, of course, a measure of worker purchasing power, which is also affected by such things as overtime and incentive payments and by taxation. In Germany earnings have risen slightly more slowly than rates since the recession began and in Britain considerably more

slowly, though they have gone up relatively more rapidly since last July.

In the table of time lost through strikes, the incidence rates are not comparable with those which in the ordinary course of things will be published by the International Labour Organization (ILO) at the end of this year since they are based on the total number of employees instead of those in four main industries. Adjustments have had to be made for the fact that France and the United States do not include agricultural employees in their totals.

Eric Wigham

| Year    | France | Germany | Italy | U.K. |
|---------|--------|---------|-------|------|
| 1970-71 | 4.2    | 1.8     | 3.5   | 1.4  |
| 1971-72 | 8.1    | 1.5     | 2.9   | 1.8  |
| 1972-73 | 13.5   | 1.2     | 2.2   | 1.7  |
| 1973-74 | 17.6   | 1.0     | 1.8   | 1.4  |
| 1974-75 | 16.1   | 0.8     | 1.5   | 1.1  |
| 1975-76 | 16.1   | 0.8     | 1.5   | 1.1  |
| 1976-77 | 16.1   | 0.8     | 1.5   | 1.1  |

| Country        | Man-days lost | Per 1,000 employees |
|----------------|---------------|---------------------|
| France         | 3,377,000     | 197                 |
| Germany        | 1,051,000     | 49                  |
| Italy          | 1,093,000     | 51                  |
| United Kingdom | 14,748,000    | 647                 |
| United States  | 47,992,000    | 588                 |

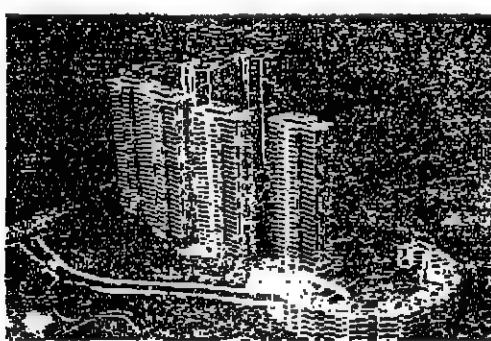
Extracts from the 1976 Statement to Shareholders by Mr D.K. Newbigging, Chairman, The Hongkong Land Company Ltd

## Excellent future prospects.

### Good Year for the Group

1976 was a good year for Hong Kong, for the commercial sector generally, and for your Group. We have proceeded with our development plans, and the Group's earnings have again increased enabling the recommendation of a record dividend for 1976.

In the past year we have completed several major projects and announced the commencement of others. The Group will thus continue to have a steady flow of new developments coming to fruition which should ensure a continued growth of earnings with excellent future prospects for The Hongkong Land Group.



A model of Phase One of Chi Fu Yuen, the Group's new housing project on Hong Kong Island.

### Group Results

The consolidated net profit after taxation for 1976 was \$25,200,000 compared with \$21,700,000 for 1975. Earnings per share rose to 5.25 pence from 4.80 pence for 1975, an increase of 15.8%.

An interim dividend of 1.38 pence per share was paid in November, and a final dividend of 2.75 pence per share is recommended, making a total of 4.13 pence for the year 1976, an increase of 13.8% over 1975.

### Commercial Properties

The Group's portfolio of properties in Central District has remained virtually fully let, and Phase One of our Central District Redevelopment Scheme was completed in late 1976 with the completion of the 34-storey Alexander House, which is now fully let.

Phase Two and Three of the Scheme call for the construction of two 45-storey twin office towers which, with Alexander House will form three sides of a 2,000 sq. ft. pedestrian plaza, providing a new focal point for Central District.

Phase Two (Gloucester Tower) will be constructed on the site of Gloucester Building while the Windsor House site as well as that of Lane Crawford House, which has been acquired by Hongkong Land in exchange for Jardine House and 14/16 Pedder Street, will provide the area for the central shopping plaza. Final completion of Gloucester Tower and the plaza is scheduled for early 1980, and will make available a total of some 621,000 sq. ft. of lettable space, an increase of 72% compared with the buildings currently occupying the same site. Our own system of pedestrian foot bridges will, in due course, create a link between our seven major Central District properties.

In September, we purchased the P & O Building in Hong Kong, which added 100,000 sq. ft. of net lettable office accommodation and 4,000 sq. ft. of shopping space to our Central District portfolio.

Work will commence in April 1977 on the construction of a major commercial building of some 800,000 sq. ft. in Causeway Bay, Hong Kong. Agreement has already been reached with Government for the Inland Revenue Department to lease over 200,000 sq. ft. of the new building. Phase One of which is expected to be completed in late 1978, with final completion by mid 1979.

In Jakarta, Indonesia, a joint venture 15-storey office building, (30% owned), was completed in late 1976.

In Kuala Lumpur, Malaysia, work commenced in May, 1976 on a 19-storey office building of some 180,000 sq. ft. (30% owned). This building is expected to be completed by late 1978.

Macquarie House in Sydney, Australia (80% owned), the 20-storey building containing 100,000 sq. ft. of office space, remains fully let.

### Residential Properties

The Group's portfolio of prime residential properties principally in the May Road area in Hong Kong's Mid-Levels, has remained fully let. Brankome, the 26-storey luxury apartment building of 84 units was completed in mid 1976, and was immediately fully let. In addition, work will shortly commence on the construction of new twin towers comprising 134 units on the site of Trugener Mansions. This development is expected to be completed by late 1979.

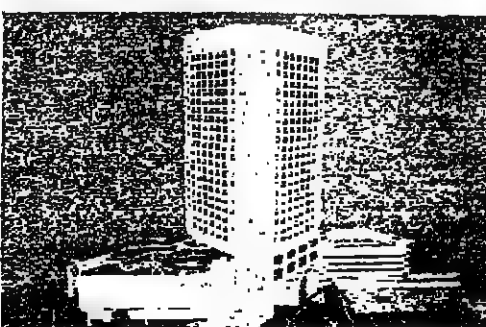
Construction of the joint venture development of a residential scheme of 37 luxury units on a prime site in Stanley by Simla Enterprises Limited (50% owned) started in late 1976 and should be completed by 1978.

### Property Trading

In September, 1976 we sold four Hong Kong residential developments for a total of \$26.3 million, thus releasing funds for investment in other areas, in particular the Central District.

In September, Government approval was received for the development of Chi Fu Yuen, the Group's \$25 million housing project in Pokfulam on Hong Kong Island. The project—a new township of some 17.5 acres—will provide 2,700,000 sq. ft. of residential accommodation in the form of 4,350 flats for middle income purchasers.

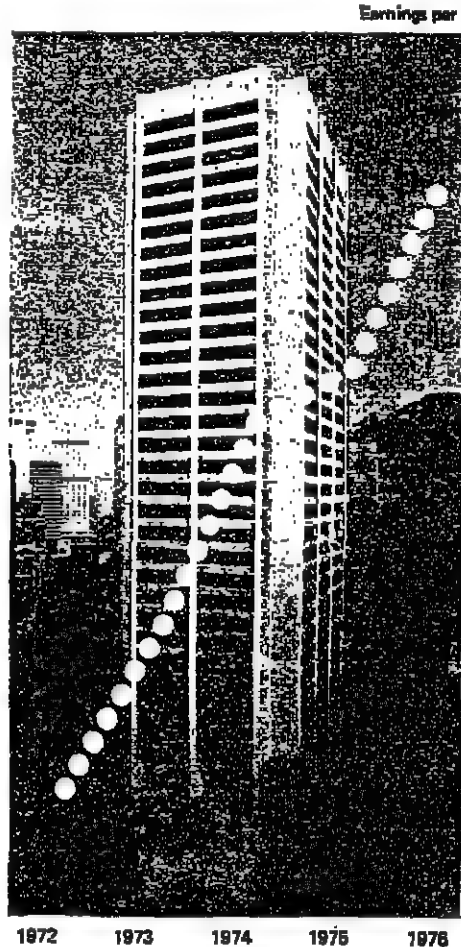
The marketing programme of Chi Fu Yuen was launched in December, and met a response of such proportions that all nine blocks comprising the first phase were immediately oversubscribed. Construction of the first phase should be completed by mid 1978, and the development is scheduled for completion in stages over the next six to eight years.



The 25-storey, 504 bedroom, Jakarta Mandarin Hotel is expected to open in 1978.

### Hotels

The trading income from the Group's Hong Kong hotel interests improved considerably during 1976. The Mandarin, Hong Kong, operated by our subsidiary, City Hotels Ltd, continued to operate at a high rate of occupancy. The Excelsior, Hong Kong (49% owned), is now managed by a subsidiary and is operated in conjunction with the adjacent Hong Kong Convention Centre. The Oriental Hotel, Bangkok (49% owned), had its new River Wing of some 350 rooms completed in 1976. The 504 room Manila Mandarin Hotel (30% owned) was partially opened in September, as scheduled. In Indonesia, the Jakarta Mandarin Hotel (40% owned), also 504 rooms, is scheduled to open in late 1978.



Alexandra House, Phase One of the Group's Central District Redevelopment Scheme, now completed, fully let and contributing to earnings.

Maxim's Caterers Limited (21% owned) once again resumed a record result based on substantially increased turnover. This is attributable to the growth of business in existing outlets, and to further expansion by the opening of eleven new restaurants and fast food outlets.

### Food Distribution

The Group's major food distribution interests, accounting for some 20% of the Group's profit, are maintained through subsidiaries operating within the Dairy Farm Group, which incorporates Fitzpatrick's. During 1976, trading was at a satisfactory level, with a continued growth pattern based on increased turnover and the opening of new retail outlets. A further two shopping centres will open soon, bringing the total number of supermarkets and shopping centres operating in Hong Kong to 22.

Aircraft catering activities have expanded throughout the region, and in Hong Kong the new aircraft catering building has recently been completed at a cost of some \$3.8 million. The main Dairy Lane store in Windsor House will be re-established in Marina House later this year.

### Future Prospects

The completion of Alexandra House, Brankome, the Oriental Hotel's new wing and the Manila Mandarin Hotel, together with the acquisition of the P & O Building and an increased investment in the Excelsior Hotel, will ensure growth in future profits. The continuation of this pattern over the next few years should also be assured by the development of the remaining two phases of the Central District Redevelopment Scheme, the new Windsor House in Causeway Bay, the redevelopment of Trugener Mansions, the Jakarta Mandarin Hotel, and Chi Fu Yuen in Pokfulam.

Looking to 1977, your Directors believe that earnings will show a further improvement, and we look forward with confidence to the future.

|                        | 1976        | 1975        |
|------------------------|-------------|-------------|
| Group profit after tax | 25,200,000  | 21,700,000  |
| Dividends              | 19,800,000  | 17,400,000  |
| Shareholders' funds    | 362,400,000 | 358,600,000 |
| Earnings per share     | 5.25p       | 4.80p       |
| Dividends per share    | 4.13p       | 3.63p       |
| Net assets per share   | 0.76        | 0.75        |

Currency conversions from HK\$ made at rate of HK\$100 = £100

D. K. Newbigging Chairman  
Hong Kong 30 March 1977

The Hongkong Land Company Ltd  
Hong Kong 30 March 1977



## FINANCIAL NEWS AND MARKET REPORTS

### Stock markets

## Firm at the lower levels

Growing union opposition to what has hitherto been regarded as a reasonable Phase Three pay settlement brought an early markdown of shares from which they never fully recovered.

The closure of many Continental and United States markets and the approach of the four-day break also proved a disincentive to buyers, but after the relatively light selling had dried up most prices held steady at the lower levels.

Indeed, there was a faint-hearted rally after Mr. Smeeth's bullish estimate of a £3,000m. trade surplus by 1980, but this quickly petered out and the FT Index, 6.1 off at 2 p.m., closed at 447.5, a net loss on the day of 5.3.

Though prices made little headway there was more interest in the gilt-edged market with the progress of the new variable bond and the surprise announcement of a new £800m "instalment" tap commanding a good deal of attention.

Eric Wigham

The market is looking for full-year profits from Percy Bilton, due today, of around £57.5m. against £5m. The group should have done particularly well on the industrial property side where rents are expected to be up by £200,000. For the current year the rise is put at £1m. Housebuilding remains depressed but is unimportant. The shares were steady at 155p.

Longer dates opened easier and remained in a narrow range around their overnight levels until business was suspended for half an hour to consider the terms of the new issue. Thereafter "mediums" settled three-eighths lower and "longs" up to three-quarters off with a two-way trade developing at the lower level.

Short dates were largely unchanged and then eased on the near end. The variable bond, issued at a nominal £100, met with a fair demand and was offered by the Government Broker at £2 discount; and, later, £98.25.

Though firmer by the close the industrial leaders ended in a mixed range. At the extremes of this was Bowater, off 4p

to 188p, and Unilever which managed a rise of 4p to 438p. ICI lost 2p to 391p and Beecham held steady at 482p.

In engineers further delay in the completion of the Sachs deal led to GKN coming on offer and closing 7p lower at 335p. After its accounts Hawker Siddeley lost 4p to 608p. In electricals recent figures left Mair-tricals 5p down at 185p and market trend apart of scanner hampered by talk of scanner competition and closed 4p off at 218p. Relatively firm were Rayrolle Parsons at an unchanged 197p, GEC 186p and Ever Ready 166p, both a couple of pence down.

Among newspaper issues the continued lack of concrete bid developments led to selling of Beaverbrook "A" which lost 43p. Ahead of figures Reed Group bid firm at 212p but profit takers were at work in Thomson Organisation which closed 12p off at 528p.

Two to benefit from comment were Pico "A" which gained a point to 74p and Elwick Hopper 15p. After the annual meeting Dunlop eased 4p to 104p.

A clutch of results brought some good spots to the textile sector. After a jump in profits Farland Textiles "A" rose 5p to 43p, higher profits and a dividend forecast lifted Reliance Knitwear 2p to 33p while a return to profitability helped Lindsay & Williams to put on 4p at 25p.

In stores profit-taking led to softness in Mothercare which dropped 6p to 266p, but both House of Fraser 3p to 120p and Marks & Spencer 1p to 116p made up some ground.

After last week's strength, which was based largely on dividend possibilities, Associated Dairies succumbed to profit-taking with a hefty loss of 11p to 262p and for the same reason Paterson Zochow's were lowered 15p to 220p. Following last week's figures Wheatstap held steady at 197p, but Bejam, lowered recently on price war fears, lost another 4p to 102p and now looks "cheap" in the eyes of some.

Against a background of the coming share placing BP were a subdued market ending 2p

lower at 92p, and there similar story at Shell 4 the same amount to 528p of figures this week Capel were unmoved at 100p. Interest rate worries induced to weaken a issues with Stock Co down 6p to 178p, Gresham 4p to 242p, Hasleto 190p and Peachey 401p. One going again general trend was Land ties which ended a point at 177p.

From 44p when we investors against the February the shares in roads have now weakened. Yet the final dividend figures for the full year ended on April 30 are until September. The on bleak. Pressure from American competitor, is unwelcome and the profits indicated by the fall of 26 pence is to have continued. The dividend dropped from 1.65p and down must round the final. This last time.

Though the banking was generally dull the spots were to be found in the Australian sector. Bank rose 10p to 475p, Commerce Bank 4p to 120p, ANZ Group 3p to 30p, Australia National Bank 26p. Over in insurance & Law came under giving up 4p to 12p brokers Sedgwick Forb 290p and Willis Faber 7p to 238p were both in. In very quiet after trading there was no trend.

Though most sections penny or so the leads to their 3.30 pm levels changed, oils improved. Gifts went a shade easier the new "tap" terms. Equity treasurer on May 270.4m (17.50) be Active stocks yesterday, ing to Exchange Tel were ICI, Bowater, New Beristord, Dunlop new, Df, Bowater, Shell, B ind, and Df, GKN, Teacore, ICI, EMI, sed Dairies and Muir

### Latest results

| Company         | Sales        | Profits    | Earnings per share | Div. pence | Pay date | Year total |
|-----------------|--------------|------------|--------------------|------------|----------|------------|
| Int or Fin      | (£m)         | (£m)       | (p)                | (p)        |          |            |
| Emalton (I)     | 0.81(0.59)   | 0.48(0.38) | 0.02(0.03)         | 1.5(1.5)   | 2/7      | —          |
| Futura (I)      | 4.13(3.81)   | 1.07(1.04) | 0.17(0.16)         | 2.45(2.45) | —        | 2.45(2)    |
| Monray (I)      | 18.89(24.29) | 1.20(1.45) | 1.20(1.45)         | 1.31(1.31) | 13/8     | —          |
| Kayser (F)      | 15.50(14.12) | 2.5(9.8)   | 2.5(9.8)           | 1.0(1.0)   | 2/7      | 1.74(1)    |
| Lindsay Wms (F) | 2.26(2.03)   | 0.05(1)    | 0.05(1)            | 1.0(1.0)   | 2/7      | 1.0(1.0)   |
| Macanle (F)     | 19.41(18.6)  | 0.27(0.29) | 0.27(0.29)         | 1.43(1.27) | 29/7     | 1.36(1)    |
| Parkland (F)    | 23.9(17.1)   | 1.12(0.93) | 1.12(0.93)         | 1.52(—)    | 15/7     | 2.84(0)    |
| Freeman (F)     | —            | —          | —                  | —          | 30/6     | —          |
| Rio Algom (I)   | —            | —          | —                  | —          | 29/6     | —          |
| O C Summers (F) | 5.68(5.91)   | 0.22(0.07) | 0.22(0.07)         | 5.8(5.2)   | 30/6     | —          |
| Stag Line (I)   | —            | —          | —                  | —          | 2/7      | 11.45(1)   |

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News (c) means share interest. \* For this month. † Loss £50,000. ‡ Loss £2.5p before tax. Items: \$ Forecast. \*\* Cent.

## Brixton investment portfolio now £84m

A December 1976 revaluation of Brixton Estate's properties revealed a £4.9m surplus taking the group's investment portfolio to £80.9m. A further £22.5m of properties in course of development held in the group's books at cost bring the value of the portfolio as a whole to £83.8m to support a net asset per share figure of 108p.

That asset backing will be increasingly reflected in the revenue account, according to Mr Michael Verey, in his chairman's statement to the group's 1976 accounts. Mr Verey comments in the improved economic climate for the property industry since the end of 1976—“interest rates have fallen and there has been an improvement in most lettings markets”. He draws shareholders' attention to “the substantial benefits which

we are now receiving from reversions”, reversions providing a 22 per cent increase in the group's gross profit last year to just under £2m. Revision of earlier year's accountancy treatment of interest on properties under development increases the revenue charge back to £2.7m partly countered by a £3.2m transfer from reserves leaving net profits of £1.1m.

As one of the country's largest industrial property groups, Brixton has been one of the few groups in the sector able to start development work again last year. But, as Mr Verey says, while he does not object to the principle of taking gains arising from the grant of planning consent through the Development Land Tax, the Community Land Act “which provides a bureaucratic method of nationalising land... has little practical relation to the problems of the country”.

## Rowland allegations are denied in S Africa

The Foreign Affairs Secretary, Mr Brand Fourie, has denied that the South African Government threatened Mr Roland (“Tiny”) Rowland over the question of Rhodesian sanctions busting by all companies. Reuter cables from Johannesburg.

The press has quoted Mr Rowland, chairman of Leocorbo, as saying in a telephone interview from London that Mr Fourie had told him to stop giving evidence against the oil firms or “we will pull the trigger on you”.

The threat was made, Mr Rowland said, when the British Foreign Secretary, Dr David

Owen, announced the commissioning of an investigation into allegations of sanctions busting by big oil companies such as BP. Mr Fourie claims to know “nothing about this at all”. He says “there is no truth in it whatsoever”.

Mr Rowland was quoted as saying he understood the South Africans to be saying that they would prosecute subsidiaries of Leocorbo in South Africa. These are mainly mining companies. Warrants of arrest were issued in South Africa in 1973 against Mr Rowland, Mr Angus Ogilvy, the husband of Princess Alexandra, and other Leocorbo subsidiaries in South Africa, but subsequently withdrawn.

## A Kwik-welcome to MoT

From next January 1 regulations come into leading beneficiary of Kwik-Fit (Tyres & E. Holdings).

There is no doubt in of Mr Alec Stenson, writing in the account year to February 28 that share interests. There is a demand for systems and shock “and this we expect sustained”.

The retail distributors, exhausts and parts now only one of the three interests. They are the wholesaling and light industrial e by Dorsman BV; and but of bottled gas interests by J. C. Baker, Stone & Co.

Dorsman's sales in two months of this year. In April Dorsman the International Auction in Amsterdam were better than hoped management is confi. this year will be as go

As for J. C. Baker for bottled gas and alances rose last year. man adds tersely: “many will remain a group as long as it to be profitable”.

Last year group profits swept up from to £13,588. Tyre an fitting station sales more slowly, by 52 Kwik-Fit has been 1 consolidate after a depot openings but resists to add already

Of the £13,588 pr and exhausts made the wholesaling of 2 light industrial £306,137; and to £11,139. The parent's were £101,548.

### Business appointments

## Dunlop Holdings chairman-designate

Mr J. Campbell Fraser, managing director, is to be the next chairman of Dunlop Holdings. He will succeed Sir Ken Gledhill, who intends to retire after the annual meeting in 1978.

Messrs P. R. Ebers, J. R. C. Sheldon and G. P. Welsh have joined the board of News International.

Mr John R. Willis has gone on to the board of Albright and Wilson, with effect from June 1. He was formerly managing director of their Detergents and Chemicals Group.

Mr William Harris has joined the board of Peasey Property. Mr Michael Connor has been elected chairman of the Institute of Credit Management and Lieutenant P. A. J. Dumas has become secretary of the Institute. Sir Robert Norman has become a director of Reckitt & Colman Australia.

Mr Lim Yew Chan has joined the board of Batu Matang Rubber Plantations. Mr R. Hicks has been made chief executive and director of Hoxley Smith (Anglia).

Mr Harold H. Eglington has become managing director of Addressograph-Multigraph.

Mr Barry M. Clark is now a director of the Metals Division of M. L. Alkan.

Mr T. C. A. Horn has been made managing director of Hilti (Gt Britain).

Mr V. L. Stevens, at present senior executive, money and exchange, Midland Bank International Division, has become treasurer (International) as from June 1. Mr J. van den Driest has been made chairman of the board of Royal Adriaan Volker Group. Mr van den Driest succeeds Mr A. de Neel.

Mr C. H. Elterton Johnston have joined 1 directors of Wade Poi

Mr J. E. Houghton has been made chief executive and director of Hoxley Smith (Anglia).

Mr M. J. Summerh made sales director Containers.

Mr F. G. N. Thom made finance director Mamm and Truam St follows the retirement Hamilton.

Mr P. W. Kinninon come chairman, Mr Williams, managing 4 Mr C. A. Norman, 1 Mr D. H. Lee an exo tor of Kinninmonth Noi Mr Harold Beverly gone on to the Met as works director. Mr M. B. Brooks is tor of Minet Holdin







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## Salerooms and Antiques

**Henry Spencer Sons**  
1858

**Forthcoming Sales - June**

**JAY 1ST** - Victorian and later furniture, Bedford Salerooms.  
**JAY 5TH** - Furniture, porcelain and glass. Including a fine collection of Royal Worcester painted by N. Davis, J. Sutton and C. Hudson.  
**JAY 10TH** - Oil paintings and watercolours, including works by S. R. Percey, Yeomans King, T. B. Smith, G. S. Kilburne, Bedford Salerooms.  
**JAY 15TH** - The contents of Zetland House, Clarendon, Devon. On the premises.  
**JAY 22ND** - Georgian and later furniture and works of art, Bedford Salerooms.  
**JAY 29TH** - Silver, Sheffield and other plate, Bedford Salerooms.  
**JAY 30TH** - The Fine Contents of Grimston Lodge, Tadcaster, Yorkshire. On the premises.  
Catalogues 55p each by post (Applications must be made to HENRY SPENCER AND SONS LIMITED, 25 THE SQUARE, BEDFORD, NORTHAMPTONSHIRE, ENGLAND. Telephone: (0777) 2531. IN ASSOCIATION WITH SOOTHEBY'S.

**Woods Estate Offices**  
11, HANE ROAD, S.W.2. Fine Art Auctioneers and Valuers

**AUCTION SALES THIS WEEK**

**DAY THE 2ND OF JUNE** at 2 p.m. **PAINTINGS AND PORCELAIN** by Mr. C. Woods, 11, Hane Road, S.W.2. Catalogue 10p.  
**DAY THE 2ND OF JUNE** at 10 a.m. **PAINTINGS AND PORCELAIN** by Mr. C. Woods, 11, Hane Road, S.W.2. Catalogue 10p.  
**DAY THE 2ND OF JUNE** at 10 a.m. **PAINTINGS AND PORCELAIN** by Mr. C. Woods, 11, Hane Road, S.W.2. Catalogue 10p.  
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**JTO AUCTIONS AG ZURICH**  
The Management of Edgar A. Mammheimer

**SALES OF FINE ART, PAINTINGS, PORCELAIN, JEWELLERY, SILVER, GLASS, AND OTHER OBJECTS OF ART.**

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